

NEW APPLICATION



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AZ CORP COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS
UTILITY PLANT AND PROPERTY
AND FOR INCREASES IN ITS
RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE
BY ITS SUN CITY WEST WATER
AND WASTEWATER DISTRICTS.

WS-01303A-02-0867

DOCKET NO. W-01303A-02-
SW-01303A-02-_____

APPLICATION

Arizona-American Water Company, an Arizona corporation ("Arizona-American" or "the Company"), hereby applies for an order establishing the fair value of Arizona-American's plant and property used for the provision of public utility service by the Company's Sun City West water and wastewater districts and, based on such fair value, approving permanent rates and charges for utility service provided by said districts designed to produce a fair return thereon. In support thereof, Arizona-American states as follows:

1. Arizona-American is a public service corporation engaged in providing water and wastewater utility services in portions of Maricopa, Mohave and Santa Cruz Counties, Arizona, pursuant to various certificates of public convenience and necessity granted by the Arizona Corporation Commission (the "Commission") to Arizona-American and its predecessors in interest. At the present time, the Company provides utility service to

1 approximately 115,000 customers in Arizona.

2 2. The Company's central business office is located at 19820 North Seventh
3 Street, Suite 201, Phoenix, Arizona 85024, and its telephone number is (623) 445-2400.
4 The Company's President and primary management contact is Ray L. Jones.

5 3. The persons responsible for overseeing and directing the conduct of this rate
6 application are B. Kent Turner and David P. Stephenson. Mr. Turner is the Company's
7 Vice President and Treasurer as well as the Vice President-Finance and Chief Financial
8 Officer of the Western Region of American Water Works Service Company, Inc. Mr.
9 Stephenson is the Assistant Treasurer of Arizona-American as well as the Director of
10 Rates and Planning of the Western Region of American Water Works Service Company,
11 Inc. Mr. Turner and Mr. Stephenson's office and mailing addresses are 303 H Street,
12 Suite 250, Chula Vista, California 90910. Mr. Stephenson's telephone number is (619)
13 409-7712; his telecopier number is (619) 409-7701. **All discovery, data requests and**
14 **other requests for information concerning this Application should be directed to Mr.**
15 **Stephenson, with a copy to undersigned counsel for the Company.**

16 4. In this Application, the Company seeks a determination of the current, fair
17 value of its property devoted to public service and approval of permanent adjustments to
18 its rates and charges for utility service based thereon for the Company's Sun City West
19 water and wastewater districts, which currently serve approximately 15,000 customers in
20 Maricopa County, Arizona.

21 5. The Sun City West water and wastewater districts' present rates and charges
22 for utility service were approved by the Commission in Decision No. 60172 (May 7,
23 1997). The test year used in that proceeding was the 12-month period ending March 31,
24 1995. Thus, this is the first general increase in rates and charges requested for the Sun
25 City West water and wastewater districts since their existing rates and charges became
26 effective on May 1, 1997.

1 6. Arizona-American maintains that revenues from the Sun City West water and
2 wastewater districts' utility operations are presently inadequate to provide the Company a
3 fair rate of return on the fair value of its utility plant and property devoted to public
4 service. The Company's rate base has increased substantially since the previous rate
5 proceeding, and the Company is annually adding additional utility plant to each of its
6 water and wastewater systems in order to ensure safe and reliable utility service to its
7 customers. These increases in the Company's fair value rate base, together with increases
8 in certain expenses and changes in circumstances since the test year in the prior rate
9 proceeding, have caused the revenues produced by the current rates and charges for
10 service to become inadequate to meet operating expenses and to provide a reasonable rate
11 of return. Therefore, the Company requests that certain adjustments to its rates and
12 charges for utility service furnished by its Sun City West water and wastewater districts be
13 approved by the Commission so that the Company may earn a just and reasonable rate of
14 return on the fair value of its property.

15 7. Filed concurrently herewith as separately bound exhibits are the schedules
16 required pursuant to A.A.C. R14-2-103 for the rate applications by Class "A" water and
17 wastewater utilities, with the exception of the schedules labeled "G" (cost of service
18 analysis). The latter schedules have been omitted because the Company does not propose
19 to change its rate design, including the allocation of the revenue requirement between
20 customer types from that approved by the Commission when it established the Company's
21 current rates for the Sun City West water and wastewater districts. The test year utilized
22 by the Company in connection with the preparation of such schedules is the 12-month
23 period that ended December 31, 2001. The Company requests that the Commission utilize
24 such test year in connection with this Application, with appropriate adjustments for utility
25 plant that has been completed and placed in service to serve existing customers by
26 December 31, 2002, and appropriate adjustments to the Company's operating expenses in

1 order to obtain a normal or more realistic relationship between revenues, expenses and
2 rate base during the period in which the rates established in this proceeding are in effect.

3 8. During the test year, the Company's adjusted gross revenues for the Sun
4 City West water and wastewater districts were \$3,380,724 and 3,535,680, respectively.
5 The adjusted operating income for the Sun City West water and wastewater districts was
6 (\$167,778) and (\$164,399), respectively. The adjusted fair value rate base was
7 \$16,407,508 for the water district and \$13,455,978 for the wastewater district. Thus, the
8 rate of return on each district's rate base during the test year was only 2.20% and (1.22%),
9 respectively. The Company submits that these rates of return are inadequate to allow it to
10 service its debt, pay a reasonable dividend to its stockholders, maintain a sound credit
11 rating, and enable Arizona-American to attract additional capital on reasonable and
12 acceptable terms in order to continue the investment in utility plant necessary to
13 adequately serve customers in the Sun City West water and wastewater districts.

14 9. The Company is requesting an increase in revenues equal to \$1,479,624 for
15 the Sun City West water district and \$1,963,624 for the Sun City West wastewater district,
16 which constitute increases in revenues of 43.77% and 55.54%, respectively. However, in
17 order to ameliorate the impact of necessary rate increase in the Sun City West water and
18 wastewater districts, Arizona-American proposes to phase in the rate increases, with rates
19 increasing by 40% in the first full billing cycle following the Commission's decision and
20 the balance of the increase becoming effective 12 months later. The adjustments to the
21 Company's rates and charges that are proposed herein, when fully implemented, will
22 produce a rate of return on the fair value rate base equal to 7.75% for each district, which
23 is approximately equal to interest rates payable on investment-grade utility bonds at the
24 present time.

25 10. Filed concurrently in support of this Application is the following Direct
26 Testimony:

- 1 (a) **David P. Stephenson** (overview of the Company's rate filing, background
2 concerning Arizona-American's purchase of Citizens Communications'
3 water and wastewater utility assets in Arizona, discussion of various
4 adjustments made to actual test period results, discussion of the components
5 of the Company's capital structure and discussion of compliance with
6 Commission Decision No. 63584 (April 24, 2001));
- 7 (b) **Robert J. Kuta** (overview of the Sun City West water and wastewater
8 districts and discussion of certain post-Citizens' acquisition office
9 relocations and staffing changes made by Arizona-American);
- 10 (c) **Blaine Akine** (discussion of post-test year plant additions);
- 11 (d) **B. Kent Turner** (background on Arizona-American and American Water
12 Works Service Company and discussion of services provided to Arizona-
13 American);
- 14 (e) **Thomas J. Bourassa** (discussion of the revenue requirement, including the
15 "A" through "F" schedules, development of the rate base and income
16 statement adjustments);
- 17 (f) **Thomas M. Zepp** (cost of equity capital and related issues); and
- 18 (g) **Ronald L. Kozoman** (proposed rates, including the "H" schedules, and
19 discussion of the effects of the proposed rates on customers' bills,).

20 This direct testimony is contained in a separately bound volume filed with this
21 Application.

22 WHEREFORE, the Company requests the following relief:

23 A. That the Commission, upon proper notice and at the earliest possible time,
24 conduct a hearing in accordance with A.R.S. § 40-251 and determine the fair value of
25 Arizona-American's utility plant and property devoted to public service in the Company's
26 Sun City West water and wastewater districts;

1 B. Based upon such determination, that the Commission approve permanent
2 adjustments to the rates and charges for utility service provided by the Sun City West
3 water wastewater districts, as proposed by the Company herein, or approve such other
4 rates and charges as will produce a just and reasonable rate of return on the fair value of
5 the Company's utility plant and property for these districts; and

6 C. That the Commission authorize such other and further relief as may be
7 appropriate to ensure that the Company's Sun City West water and wastewater districts
8 have an opportunity to earn a just and reasonable return on the fair value of their utility
9 plant and property and as may otherwise be required under Arizona law.

10 RESPECTFULLY SUBMITTED this 22nd day of November, 2002.

11 FENNEMORE CRAIG

12
13 By 

14 Norman D. James
15 Jay L. Shapiro
16 3003 North Central Avenue
17 Suite 2600
18 Phoenix, Arizona 85012
19 Attorneys for Arizona-American
20 Water Company

21 ORIGINAL and fifteen (15) copies of the
22 foregoing, together with the separately bound
23 schedules and direct testimony supporting
24 this application, were delivered
25 this 22nd day of November, 2002, to:

26 Docketing Supervisor
Docket Control Division
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

By: 

1360972.1

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WASTEWATER DISTRICTS.

WS-01303A-02-0067

DOCKET NO. W-01303A-02-_____

SW-01303A-02-_____

DIRECT TESTIMONY

STEPHENSON

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5
6

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13 CITY WEST WATER AND SUN CITY
WEST WASTEWATER DISTRICTS.
14

DOCKET NO. W-01303A-02-_____
SW-01303A-02-_____

15
16 **DIRECT TESTIMONY**

17 **OF**

18 **DAVID P. STEPHENSON**
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1 I. **INTRODUCTION AND QUALIFICATIONS**

2 Q. **PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TELEPHONE**
3 **NUMBER.**

4 A. My name is David P. Stephenson. My business address is 303 H Street, Suite 250,
5 Chula Vista, California 91910. My telephone number is (619) 409-7700.

6 Q. **BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am employed by American Water Works Service Company, Inc. ("Service
8 Company"), as the Director of Rates and Planning for American Water Works
9 Company, Inc.'s ("AWW") Western Region. The Western Region includes
10 AWW's water and wastewater utilities located in Arizona, California, Hawaii,
11 New Mexico and Texas, including Arizona-American Water Company ("Arizona-
12 American" or "Company"). I am also an Assistant Treasurer for Arizona
13 American.

14 Q. **PLEASE BRIEFLY OUTLINE YOUR RESPONSIBILITIES AS THE**
15 **DIRECTOR OF RATES AND PLANNING.**

16 A. I am responsible for directing preparation of all rate applications and various other
17 matters related to rates and charges for utility service with the public utility
18 commissions that regulate AWW's operating utilities in Arizona, California,
19 Hawaii, New Mexico and Texas. I am also responsible for overseeing other rate
20 related proceedings before these commissions such as acquisition and financing
21 applications.

22 Q. **DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

23 A. I received a Bachelor of Science in Business Administration, with emphasis in
24 Accounting, from San Diego State University in 1977.

25 Q. **HAVE YOU HAD ANY OTHER FORMAL TRAINING?**

26 A. Yes, I have attended many seminars on various aspects of the water industry and

1 rate applications, including the National Association of Regulatory Utility
2 Commissioners (NARUC) biannual Utility Rate Seminar.

3 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

4 A. I have been employed by the American Water System since 1978. The various
5 positions I have held within the American Water System are: Accountant - 1978;
6 Accounting Superintendent for the Los Angeles Region - 1981; Assistant Director
7 of Accounting for the operating utilities in the Western Region - 1983; Assistant
8 Director of Rates and Revenues for the operating utilities in the Western Region -
9 1984; Director of Rates and Revenues for the operating utilities in the Western
10 Region - 1986, and Director of Rates and Planning for the operating utilities in the
11 Western Region since 2001.

12 **Q. HAVE YOU HAD ANY OTHER PROFESSIONAL EXPERIENCES?**

13 A. Yes, I served on the Accounting Committee of the California Water Association
14 and have been an instructor at the NARUC biannual Utility Rate Seminar on eight
15 occasions.

16 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE UTILITY
17 REGULATORY COMMISSIONS?**

18 A. Yes, I have testified before the Arizona Corporation Commission ("Commission")
19 in rate and acquisition proceedings for Arizona-American; before the California
20 Public Utilities Commission on many occasions for all of the California-American
21 Water Company systems; and before the New Mexico Public Regulation
22 Commission in many types of proceedings on behalf of New Mexico-American
23 Water Company.

24 **II. PURPOSE OF TESTIMONY, SUMMARY AND CONCLUSIONS**

25 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
26 PROCEEDING?**

1 A. The purposes of my testimony are to: (1) identify and explain the Company's rate
2 filing; (2) provide background concerning the purchase of the former Citizens
3 Communications' water and wastewater utility assets in Arizona ("Citizens'
4 Assets") by Arizona-American (the Citizens' Acquisition); (3) explain and support
5 various adjustments made to the test period actual results; (4) explain and support
6 all components of the capital structure except for cost of equity; and (5) to discuss
7 the specific requirements set forth in Decision 63584 (April 24, 2001), which
8 authorized Arizona-American to purchase the Citizens' Assets ("Acquisition
9 Decision").

10 Q. WHAT DO YOU MEAN THE "COMPANY'S RATE FILING"?

11 A. I mean the five (5) separate applications for rate relief being filed with the
12 Commission in 2002. This filing follows our efforts to determine the best
13 approach to file rate applications for a substantial number of systems in a manner
14 that would make the most sense for both public presentation and ease of handling
15 for the Commission's Utilities Division Staff ("Staff").

16 Q. YOU ALSO USED THE TERM "SYSTEM." ARE YOU REFERRING TO
17 "SYSTEM" IN A LEGAL OR OTHER SPECIFIC SENSE?

18 A. No, I am using the term "system" in a more general sense. By way of background,
19 as I mentioned earlier, Arizona-American acquired all of the water and wastewater
20 assets of Citizens in Arizona in a transaction that closed earlier this year.
21 Previously, Citizens' Assets were under a different ownership structure with a
22 number of separate corporate entities, such as Sun City Water Company, Sun City
23 West Utilities Company or the Agua Fria Water Division of Citizens
24 Communications Company, for example. However, Arizona-American acquired
25 only the assets – not the stock. Therefore, the assets were removed from separate
26 ownership and now all fall under the ownership umbrella of Arizona-American.

1 Q. HOW DOES ARIZONA-AMERICAN REFER TO THESE SEPARATE
2 GROUPS OF ASSETS INTERNALLY?

3 A. Generally we use the term "district" to refer to a separate area within Arizona-
4 American where, for accounting purposes, we individually account for revenues
5 and expenses, and maintain separate balance sheets. These areas generally
6 coincide with areas where the same tariffs apply and in that sense, a district could
7 be identified as a "tariffed area." Of course, reference to the "Tubac water tariffed
8 area" or the "Sun City West water tariffed area" would be awkward, and for
9 purposes of the Company's rate filing, we basically use the terms "district" or
10 "system" interchangeably and neither is intended to denote the actual name of any
11 particular corporate entity or to designate an operational or other system as such
12 term is used by ADEQ or any other regulatory agency to identify water or
13 wastewater systems in Arizona.

14 Q. THANK YOU MR. STEPHENSON. WOULD YOU PLEASE CONTINUE
15 WITH YOUR DISCUSSION OF HOW THE COMPANY ULTIMATELY
16 DECIDED THE BEST WAY TO ORGANIZE THE COMPANY'S RATE
17 FILING?

18 A. Certainly, again from a public perspective, it was determined that it made sense to
19 file separate applications for the Sun City and Sun City West districts. These four
20 districts, two water and two wastewater systems, are relatively large in size and
21 have certain unique characteristics and circumstances that distinguish them from
22 the other Arizona systems. The third application consists of two water systems in
23 Mohave County, the Mohave water district, which provides water service in the
24 vicinity of Bullhead City, and the Havasu water district, which provides service
25 near Lake Havasu City. These systems are close together and operated by
26 essentially the same Company personnel. The fourth application being filed is the

1 combination of Agua Fria water district and the water and wastewater systems
2 serving the Anthem development in Maricopa County. These utility systems
3 primarily serve recent developments and have very similar operating procedures.
4 The final application is for the small Class C water system known as the Tubac
5 water district in Santa Cruz County. This system is distinctive based on its small
6 size, limited revenues and location. Again, for convenience, I will sometimes refer
7 to the five applications as the Company's rate filing. And, again, I want to
8 emphasize that the terms "system" and "district" should be considered synonymous
9 throughout the Company's rate filing.

10 **Q. ALL OF THESE DISTRICTS OR SYSTEMS ARE PART OF THE**
11 **CITIZENS' ACQUISITION, CORRECT?**

12 **A.** That is correct. I should also note that none of the former Citizens' systems have
13 received any recent rate increases. Citizens Agua Fria Water Division, Sun City
14 Water Company, Sun City Sewer Company, Sun City West Utilities Company and
15 Tubac Valley Water Company last rate order was issued in May 1997 based on test
16 years ending March 31, 1995. Decision No. 60172 (May 7, 1997).¹ Citizens
17 Mohave Water and Wastewater Divisions last received rate increases in February
18 1990, based on test years ending March 31, 1988. Decision No. 56806 (Feb. 1,
19 1990). Likewise, Havasu Water Company last received rate increases in February
20 1992, based on a test year ending December 31, 1990. Decision No. 57743 (Feb.
21 21, 1992). It appears that once Citizens decided to sell its water and wastewater
22 systems in 1999, it elected not to seek rate increases and, in some cases, to accept
23 operating losses. This situation has caused Arizona-American to seek rate

24 ¹ In Decision No. 60172, rates for Sun City Water Company and Sun City West Utilities'
25 rates for water service were actually reduced. I also understand the Sun City West
26 Utilities' rates for both water and wastewater service were reduced in the prior rate
proceeding, as were Sun City Water Company's rates. Decision No. 55488 (March 17,
1987).

1 increases more quickly than it anticipated. However, a delay in obtaining rate
2 increases and correcting these systems' anemic earnings would be harmful to the
3 Company and, ultimately, to its customers.

4 **Q. WHAT ARE YOUR OVERALL RESPONSIBILITIES IN THIS CASE?**

5 A. I have been responsible for the coordination and supervision of all of the rate case
6 applications discussed including, among other things, selecting the test period and
7 the pro-forma time period for various adjustments, and determining what
8 adjustments need to be included in the filing.

9 **Q. WHAT TEST PERIOD DID YOU DETERMINE WAS APPROPRIATE IN**
10 **THIS CASE?**

11 A. I determined, for ease of presentation, that the period ending December 31, 2001,
12 should be used as the test period for the Company's rate filing. This period closely
13 is aligned with the purchase of the Citizens' Assets by Arizona-American, which
14 transaction closed on January 15, 2002.

15 **Q. DID ARIZONA-AMERICAN OWN THE CITIZENS' ASSETS, OR HAVE**
16 **ANY RESPONSIBILITY FOR THE OPERATING EXPENSES OR THE**
17 **PROVISION OF SERVICE DURING THE TEST PERIOD FOR THE**
18 **SYSTEMS THAT ARE THE SUBJECT OF THE COMPANY'S RATE**
19 **FILING?**

20 A. No. As I stated, the purchase of the Citizens' Assets was not completed until
21 January 15, 2002, on which date Arizona-American assumed operational control
22 and responsibility for the Citizens' Assets.

23 **Q. SINCE ARIZONA-AMERICAN DID NOT OWN AND OPERATE THE**
24 **CITIZENS' ASSETS AND DID NOT HAVE ANY OPERATING**
25 **RESPONSIBILITY FOR THE WATER AND WASTEWATER UTILITY**
26 **OPERATIONS IN 2001, HOW DOES THE COMPANY JUSTIFY FILING A**

1 **RATE APPLICATION WITH A TEST PERIOD ENDING PRIOR TO THE**
2 **COMPLETION OF THE PURCHASE?**

3 A. The recorded operating expenses directly incurred by each district basically remain
4 unchanged following the acquisition. Further, the Commission ordered Citizens to
5 maintain its books and records for a period of 5 years following the closing. It is
6 relatively simple to remove the management and services costs allocated to each of
7 the operating systems by Citizens from the normally-incurred direct operating
8 expenses of these systems. Likewise, it is relatively simple to add in the expected
9 Service Company charges from AWW applicable to Arizona-American.

10 **Q. WHAT PRO FORMA TIME PERIOD HAVE YOU USED FOR EXPENSE**
11 **AND PLANT ESTIMATIONS IN THIS CASE?**

12 A. I am recommending that such adjustments, all of which will be detailed further in
13 the various witnesses' direct testimonies, go no further into the future than end of
14 year 2002. This will provide ample time for Staff to review and analyze these
15 adjustments prior to providing their recommendations in Staff's direct filing.

16 **Q. ARE THERE PRO FORMA ADJUSTMENTS FOR PLANT ADDITIONS?**

17 A. Yes, we have estimated the non-revenue generating plant additions that will be
18 completed and placed in service by the end of 2002, and have included pro forma
19 adjustments that include those additions in utility plant in service. This is
20 consistent with Commission Decision No. 61831 (July 20, 1999) related to the
21 Paradise Valley water district, wherein the Commission ordered the Company to
22 limit pro forma plant additions to those plant items that are used and useful and in
23 service 90 days after the application is deemed sufficient. The December 31, 2002
24 cut-off date proposed by Arizona-American in this case is well within the 90-day
25 deadline established by the Commission.

26 **Q. HOW ARE PRO FORMA ADJUSTMENTS DETERMINED FOR**

1 **OPERATING EXPENSES?**

2 A. Pro forma adjustments for operating expenses are based on known and measurable
3 changes that have or will occur up until the time each rate application is filed to
4 develop a normal 12-month period of operations. This is consistent with A.A.C.
5 R14-2-103(i).

6 **III. ACQUISITION OF THE WATER AND WASTEWATER ASSETS OF**
7 **CITIZENS UTILITIES OF ARIZONA**

8 Q. **WOULD YOU PLEASE BRIEFLY DESCRIBE THE CITIZENS'**
9 **ACQUISITION?**

10 A. By way of background, Arizona-American has owned and operated a water utility
11 system in Arizona, which was formerly known as Paradise Valley Water Company,
12 since the late 1960s. The Paradise Valley water district is relatively small, and
13 currently furnishes service to approximately 5,000 customers. Sometime in 1998
14 or 1999, Citizens Communications Company (formerly Citizens Utility Company)
15 decided to focus its business activities in the telecommunications area, and elected
16 to sell its water and wastewater assets, which were located in six states including
17 Arizona. Arizona-American's parent company, AWW, which is the largest
18 privately-owned water utility system in the United States and whose business
19 activities focus on water and wastewater, entered into negotiations with Citizens.
20 Ultimately, on October 15, 1999, Citizens, Arizona-American and AWW entered
21 into an agreement under which Arizona-American agreed to purchase the Citizens'
22 Assets, which included all of the water and wastewater systems and assets in
23 Arizona.

24 Citizens and its various Arizona water and wastewater subsidiaries, along
25 with Arizona-American, filed an application on March 24, 2000, seeking approval
26 of the transfer of the Citizens' Assets to Arizona-American in Docket Nos. W-

1 01032A-00-0192, et. seq. Later that same year, Arizona-American filed a separate
2 application in Docket No. W-01303A-00-0929 seeking authority to issue certain
3 promissory notes and other evidence of indebtedness and to assume certain
4 industrial development revenue bonds in connection with financing the purchase
5 of the Citizens' Assets. Following notice and a public hearing, the Commission
6 ultimately approved the transfer of the Citizens' Assets in the Acquisition
7 Decision. Attached to the Acquisition Decision and incorporated therein in the
8 second ordering paragraph, was a settlement agreement setting forth specific terms
9 and conditions agreed to by Staff and the Company. These terms and conditions
10 settled one ratemaking issue and set forth deadlines, procedures and filing
11 requirements that Arizona-American is to follow in future rate proceedings. The
12 terms and conditions are as follows:

- 13 1. The ratemaking treatment of the of the acquisition adjustment, deferred taxes,
14 excess deferred taxes and the investment tax credit will be deferred until a
15 future rate case proceeding.
- 16 2. The decision to allow recovery of the acquisition adjustment must be based
17 on Arizona-American's ability to demonstrate that clear, quantifiable and
18 substantial net benefits have been realized by ratepayers, which would not
19 have been realized had the transaction not occurred
- 20 3. The Company must file a report 13 months after the closing of the
21 transaction, comparing the number of complaints received by the
22 Commission prior to and after the transaction.
- 23 4. The adjusted AIAC balance not transferred to Arizona-American as part of
24 the transaction will be imputed ratably into rate base over a 6.5 year period.
25 The balance will be ratably reduced over the 6.5 years utilizing a levelized
26 monthly below the line amortization.

1 A copy of the Acquisition Decision is attached hereto as Stephenson Dir. Exh. 1.

2 Later in 2001, the Commission issued Decision No. 64002 (Aug. 30, 2001)
3 authorizing the debt financing for the purchase of the Citizens' Assets. In
4 summary, the Commission authorized Arizona-American to issue promissory notes
5 and other evidence of indebtedness in an amount not to exceed \$180 million and to
6 issue a promissory note reflecting the obligation associated with assuming
7 Citizens' industrial development revenue bonds in the amount of \$10,635,000.
8 The balance of the purchase price was financed by an infusion of additional paid in
9 equity capital from AWW. In Decision No. 64002, the Commission ordered
10 Arizona-American to increase its equity by at least \$0.69 for each dollar of
11 acquisition in order to maintain a reasonably balanced capital structure.

12 **Q. WHEN DID ARIZONA-AMERICAN FINALIZE THE PURCHASE OF THE**
13 **CITIZENS' ASSETS?**

14 **A.** The transaction was finalized on January 15, 2002, the date title to all of the
15 Citizens' Assets was transferred to Arizona-American. All of the service provision
16 responsibilities were also transferred to Arizona-American on that date. The final
17 Citizens' Asset purchase price was approximately \$276,500,000, and included an
18 initial book acquisition adjustment of approximately \$71,100,000. As Explained
19 in the Direct Testimony of Mr. Joseph Hartnett, appended as Exhibit C to the Joint
20 Application for Authority to Transfer Assets and Related Approvals in Docket
21 Nos. W-01032A-00-0192, et seq., the purchase for the Citizens' Assets was
22 determined by an arms-length negotiation based on the advice of each companies
23 financial advisors. This open market negotiated purchase price then establishes
24 AWW's reasonable investment in the Citizens' Assets. This reasonable investment
25 in the Citizens' Assets was funded by a combination of debt and equity as shown
26 on at the top of the closing journal entry to record the transaction, which is

1 attached hereto as Stephenson Dir. Exh. 2.

2 **IV. POST TEST PERIOD ADJUSTMENTS**

3 **Q. WHAT PRO FORMA ADJUSTMENTS ARE YOU RESPONSIBLE FOR**
4 **SUPPORTING?**

5 A. I am responsible for supporting six adjustments that impact all of the Company's
6 rate filings. The specific adjustments are as follows: 1) capitalization of payments
7 made for the implementation of ORCOM billing software from operating expense
8 and the determination period for the recovery of this expense; 2) the transfer of
9 charges related to the completion of the Citizens' Acquisition, as well as charges
10 for the development of base accounting procedures from expenses to
11 organizational costs; 3) the rationale for the removal of the Citizens' management
12 costs, 4) estimates of Service Company charges; 5) estimates of rate case expense
13 and 6) estimates of direct charges to the systems made by AWW.

14 **Q. WHY HAVE PAYMENTS BEEN MADE FOR THE DEVELOPMENT OF**
15 **THE ORCOM BILLING SOFTWARE?**

16 A. Payments made for the development of the ORCOM billing software have been
17 made in connection with converting all of the Citizens' customers over to the
18 AWW billing system. The payments should be considered as organizational costs
19 or start-up costs. I will refer to these as "start-up costs" for the remainder of this
20 discussion. These start-up costs were for such items as consultants' fees, billing
21 programs modifications and related expenses of AWW associates to assist in the
22 development of the billing system. The billing system had to come on line exactly
23 at the time of closing. Since the acquisition was an asset sale, there was no
24 arrangement between Citizens and AWW for Citizens to continue billing any
25 utility customers after the transaction closed. The ORCOM system had to be up
26 and running, and running properly, at the closing. To the benefit of these

1 customers, AWW has been developing this same system for its own use at all of its
2 present properties, including the Paradise Valley district. This made the time and
3 expense of converting the Citizens' customers to the ORCOM system less
4 burdensome.

5 **Q. WHY WERE THESE COSTS EXPENSED?**

6 A. Over the past few years accounting requirements regarding the booking of these
7 types of start-up costs have changed. Start-up costs historically have been
8 capitalized along with the purchase or development of new assets. This is no
9 longer the case. The Financial Accounting Standards Board has deteremined that
10 too many expenses were being capitalized and companies' balance sheets were
11 being overstated. However, for a regulated utility, the books and records of a
12 company are maintained in acordance with Commission regulations and policy.
13 These start-up costs have always been treated as a capitalized asset, and there is no
14 valid reason to stray from that policy. These start-up costs are incurred for the
15 development of programs to serve new customers. The addition of the new
16 customers lowers the overall fixed costs per customer. This produces a net cost
17 savings. Therefore, all present and future customers should share in both the
18 development costs as well as the savings. Common regulatory practice is to spread
19 the development costs of a cost saving measure over the customer base receiving
20 known and measurable savings.

21 **Q. DOES THIS COMMISSION HAVE JURISDICTION TO OVERRIDE**
22 **ACCOUNTING POLICY AND AUTHORIZE THESE COSTS TO BE**
23 **CLASSIFIED AS A CAPITALIZED START-UP OR ORGANIZATION**
24 **COST?**

25 A. Yes. As has been the common practice under Financial Accounting Standard
26 Board Policy FAS 71, the Commission can establish different accounting

1 procedures for various items so long as the procedure establishes a set
2 methodology and time period for the recovery of the item.

3 **Q. WHAT ARE THE ACTUAL COSTS RELATED TO THE DEVELOPMENT**
4 **OF THE ORCOM BILLING SOFTWARE?**

5 A. Attached as Stephenson Dir. Exh. 3 is an analysis showing the actual costs of this
6 project and other relationships. Page 1 of the Exhibit shows that the total one-time
7 costs for this project is \$607,723. The amount included in the rate base for Sun
8 City West water and wastewater districts is \$78,774 and \$78,774, respectively.

9 **Q. DID ARIZONA-AMERICAN PURCHASE ANY BILLING SYSTEM**
10 **ASSETS FROM CITIZENS AS PART OF THE ASSET PURCHASE?**

11 A. No. As page 2 of Stephenson Dir. Exh. 3 shows, the billing system used by
12 Citizens to bill its water and wastewater customers (the Banner System) was
13 retained by Citizens. Therefore, as I testified earlier, Arizona-American had to
14 have its own billing system set up and fully functional at the time the Citizens'
15 Acquisition closed.

16 **Q. WHAT IS THE EFFECT ON THE RATE BASES FOR THE ARIZONA**
17 **DISTRICTS INCLUDED IN THE COMPANY'S RATE FILING RELATED**
18 **TO THE DEVELOPMENT OF THE ORCOM BILLING SOFTWARE?**

19 A. As shown, the net book value of the Banner billing system at the time the Citizens'
20 Acquisition was completed was \$2,620,054. Of that amount \$982,488 was
21 allocated to the Citizens' water and wastewater systems in Arizona. The
22 difference between the development costs of the ORCOM system (\$607,723) and
23 the allocated net book value of the Banner system not purchased (\$982,488) is
24 \$374,766. Thus, there was a net benefit to the customers in Arizona through the
25 development of the ORCOM billing system as opposed to purchasing the Banner
26 billing system from Citizens at the net book value allocated to Arizona. The net

1 effect on the rate base of Sun City West water and wastewater districts is \$48,577
2 and \$48,577, respectively.

3 **Q. WHY HAVE YOU MADE AN ADJUSTMENT OF \$906,531 FOR**
4 **CORPORATE COSTS TO TRANSFER VARIOUS ITEMS RELATED TO**
5 **THE CITIZENS' ACQUISITION TO THE ACQUISITION ADJUSTMENT?**

6 **A.** I have made this adjustment for the same reasons that I recommend the transfer of
7 the one-time start-up costs from expenses. These costs were incurred to complete
8 the purchase of the Citizens' Assets and to establish books and records for the
9 Citizens' Assets and systems. The costs are related to title reviews, legal
10 interpretations of contract clauses, legal representation to transfer existing contracts
11 and for accounting assistance. These costs were necessary to secure and protect
12 Arizona-American's legal rights to all the transferred assets and to obtain transfers
13 of all existing contracts and agreements. These are normal "organizational"
14 expenses to ensure full and proper title to transferred assets and to set up the books
15 and records in an appropriate manner.

16 **Q. CAN YOU PLEASE FURTHER DESCRIBE THE ITEMS WHICH YOU**
17 **ARE PROPOSING TO RECLASSIFY TO THE ACQUISITION**
18 **ADJUSTMENT?**

19 **A.** Certainly. The total amount of \$906,531 is comprised of charges from two
20 separate sources: charges incurred by AWW in connection with the purchase; and
21 charges from our accounting contractor in Arizona (Ronald L. Kozoman, CPA) to
22 develop satisfactory records for regulatory purposes. The total of the charges from
23 AWW is \$784,784 and the total of the charges from Mr. Kozoman is \$121,747.
24 The details of all of these charges is attached hereto as Stephenson Dir. Exh. 4.
25 This full amount is included in the Acquisition Adjustment.

26 **Q. PLEASE EXPLAIN THE JUSTIFICATION FOR REMOVING ALL OF**

1 **CITIZENS' MANAGEMENT FEES FROM THE TEST PERIOD**
2 **EXPENSES.**

3 A. I have removed all of Citizens' management fees from the test period expenses
4 because these expenses pertain to Citizens' management of the Citizens' Assets in
5 Arizona, not expenses that will be incurred under the ownership and management
6 of Arizona-American. These expenses must be removed and replaced by current
7 annualizations of Service Company charges to Arizona-American in order to
8 provide an accurate presentation of known and measureable expenses that are
9 occurring now and will occur on a going-forward basis in the future.

10 **Q. HOW DID YOU DETERMINE WHICH EXPENSES TO REMOVE**
11 **RELATED TO CITIZENS' MANAGEMENT AND WHICH EXPENSES**
12 **RELATED TO THE SERVICE COMPANY TO INCLUDE?**

13 A. The explanation of the procedure to determine what expenses were removed will
14 be discussed by Mr. Tom Bourassa in his direct testimony. I have annualized the
15 amount of expense to be included in the pro forma test period based on actual
16 recorded costs from April through July 2002. Attached as Stephenson Dir. Exh. 5
17 is a spreadsheet showing the recorded costs from January through the end of July. I
18 have not included the months of January through March in my annualization
19 because these months were either not full months due to the finalization of the
20 acquisition (January) or the months were not accurately reflect normal cost
21 allocations from the Service Company (February and March). Viewing Exhibit 5,
22 it is obvious that January and February have very low recorded expenses in
23 comparison to the other months. The month of March is more in line with future
24 months, but is still questionable due in part to the obvious omission of a credit for
25 the call center amortization (this amortization relates only to the Paradise Valley
26 system). Furthermore, March is a quarter-ending month, and as such expenses in

1 that month tend to contain more quarterly adjustments, thereby causing distortion
2 of the annualization without including the other months of the quarter.

3 **Q. WHAT IS THE AVERAGE MONTHLY CHARGE FOR THE SERVICE**
4 **COMPANY FOR THE MONTHS OF APRIL THROUGH JULY 2002?**

5 A. As shown on Stephenson Dir. Exh. 5, the average monthly amount of Service
6 Company charges for the period April through July 2002 is \$429,476. Annualizing
7 this amount yields a total of \$5,153,711 for 2002.

8 **Q. DID YOU SPREAD THE ANNUALIZED TOTAL TO EACH OF THE**
9 **SYSTEMS IN ARIZONA?**

10 A. Yes, I spread the annualized expense to each of the systems on a four-factor basis.
11 The four-factor analysis considers many factors all of which produce the benefits
12 Arizona-American receives from the Service Company. The four-factor
13 spreadsheet is attached hereto as Stephenson Dir. Exh. 6. The allocation to Sun
14 City West water and wastewater districts is \$515,886 and \$552,478, respectively,
15 based on the four-factor allocation methodology.

16 **Q. PLEASE EXPLAIN YOUR ESTIMATE OF RATE CASE COSTS**
17 **INCLUDED IN THE COMPANY'S RATE FILING.**

18 A. The estimate of rate case expense has been developed with estimates provided by
19 all outside consultants and costs estimated for in-house items. Attached as
20 Stephenson Dir. Exh. 7 is an estimate of the rate case costs necessary to prosecute
21 these applications. . The total estimated costs of consultants and legal counsel is
22 \$608,000. This amount is comprised of \$275,000 for outside accounting and rate
23 assistance, \$51,000 for the outside rate of return consultant and \$282,000 for legal
24 counsel. The total estimate of in-house costs is \$98,000 and is comprised of
25 \$18,000 for employee expenses and \$80,000 for expenses related to mailings,
26 notices, printing and supplies. I have allocated the total estimated rate case costs to

1 each system based on adjusted test period revenues and have spread those totals
2 over a three-year recovery period. The total amount allocated to Sun City West
3 water and wastewater districts is \$66,939 and \$70,006, respectively.

4 **Q. ARE THE ESTIMATED COSTS TO PROSECUTE THE RATE FILINGS**
5 **CONSISTENT WITH PRIOR COSTS INCURRED TO PROSECUTE RATE**
6 **APPLICATIONS IN ARIZONA?**

7 A. Yes, in fact the estimated cost to prosecute this case is lower on a per customer
8 basis than the amount the Commission has previously allowed for the Paradise
9 Valley water district in its past two rate cases. The average rate case cost per
10 customer in the last two Paradise Valley rate proceedings was approximately
11 \$13.25. In these applications we have estimated the rate case cost per customer to
12 be approximately \$6.50 per customer, or only \$2.17 per customer annually.

13 **Q. WHAT ARE THE ADJUSTED DIRECT CHARGES COMPRISED OF?**

14 A. The direct charges are comprised mostly of employee benefits, customer
15 accounting charges (bill forms, postage, inserts, collection agency fees, etc.),
16 insurance fees, dues and memberships, employee travel and directors and trustee
17 fees. Attached as Stephenson Dir. Exh. 8 is an itemization of the charges.

18 **Q. HOW DID YOU ESTIMATE THE ANNUAL COSTS FOR THESE ITEMS?**

19 A. I based the annualized cost for these items on the actual recorded costs for March
20 through July of 2002.

21 **Q. WHAT IS THE TOTAL OF THE ANNUALIZED DIRECT CHARGES AND**
22 **HOW WERE THEY ALLOCATED TO VARIOUS TEST PERIOD**
23 **EXPENSE CATAGORIES?**

24 A. The annual total for these direct expenses is \$3,161,915. The charges were related
25 to four different expense catagories: salary and wages (\$1,586,293); miscellaneous
26 expenses (\$23,058); general office expenses (\$1,293,829) and insurance fees

1 (\$258,736).

2 **Q. HOW WERE THESE DIRECT CHARGES ALLOCATED TO EACH OF**
3 **THE ARIZONA-AMERICAN SYSTEMS?**

4 A. These charges were allocated to each of the systems based on four different
5 factors. The system charges for salaries and wages were allocated to each system
6 based on expensed test period salaries; the allocation of miscellaneous expense
7 was spread to each system based on customer count and pro forma plant; the
8 allocation of general office expense was allocated to each system based on
9 customer count, pro forma plant and adjusted test period rate base; and the
10 allocation of insurance fees to each of the sysetms was based on adjusted test
11 period rate base.

12 **Q. WHY DID YOU USE THE MARCH THROUGH JULY TIME PERIOD?**

13 A. As stated earlier, I chose the time period that best represents the normalized
14 expenditures. I had to eliminate January and February from consideration due to
15 the fact that Arizona-American did not own the Citizens' Assets until January 15,
16 2002, and February 2002 was the first full month of operation by Arizona-
17 American and not all charges were recorded properly.

18 **Q. DID YOU REMOVE ALL OF THE RECORDED TEST PERIOD**
19 **EXPENSES RELATED TO THESE SYSTEM SPECIFIC ALLOCATIONS?**

20 A. Yes, all of the test period expenses for these items were removed from the test
21 period along with the Citizens' management fees.

22 **Q. WHAT WAS THE AMOUNT ALLOCATED TO EACH OF THE EXPENSE**
23 **CATAGORIES FOR THE SUN CITY WEST WATER AND**
24 **WASTEWATER DISTRICTS?**

25 A. The allocations to each of the expense catagories for Sun City West water and
26 wastewater districts is : \$108,156 and \$162,234, respectively, for salaries and

1 wages; \$1,099 and \$920, respectively, for miscellaneous; \$162,863 and \$146,102,
2 respectively, for general office; and \$23,821 and \$19,536, respectively, for
3 insurance.

4 V. **CAPITAL STRUCTURE AND COST OF DEBT**

5 Q. **WHAT IS THE CAPITAL STRUCTURE THAT ARIZONA-AMERICAN**
6 **PROPOSES TO UTILIZE IN THESE APPLICATIONS?**

7 A. The Company proposes a capital structure comprised of 60 percent debt and 40
8 percent equity.

9 Q. **HOW WAS THIS CAPITAL STRUCTURE DETERMINED?**

10 A. It was determined based on the actual financing of the acquisition of the Citizens'
11 Assets by Arizona-American. At the very top of the first page of Stephenson Dir.
12 Exh. 1 is the entry to record the purchase of the Citizens' Assets by Arizona-
13 American. This entry shows Common Stock in the amount of \$110,888,158 (40
14 percent), Bonds – Inside of \$154,948,119 (56 percent) and Bonds – Outside of
15 \$10,635,000 (4 percent). These are the actual amounts for each of these
16 components as recorded on the books of Arizona-American at the time of purchase
17 of the Citizens' Assets. AWW strives to have its subsidiaries maintain the most
18 efficient capital structure. Typically, the most efficient capital structure for AWW
19 utility subsidiaries is comprised of approximately 60 percent debt. AWW has
20 maintained its high debt rating (A-) and secured very efficient rates for bonds and
21 notes by maintaining a 60 percent debt component in the capital structure. The
22 greater the leverage of the capital structure while still maintaining a high bond
23 rating, the lower the cost of capital to the Company and its customers.

24 Q. **PLEASE EXPLAIN THE DIFFERENCE BETWEEN "BONDS-INSIDE"**
25 **AND "BONDS-OUTSIDE."**

26 A. The "Bonds-Inside" comprise the debt financing provided by American Water

1 Works Capital Corp. ("AWCC") in the form of a short-term note. This is a five-
2 year unsecured note with an interest rate of 4.92%. The "Bonds-Outside" is debt
3 financing reflecting the assumption of Citizens' industrial development revenue
4 bonds I mentioned previously, which have an interest rate of 7.30%.

5 **VI. ACQUISITION ADJUSTMENT**

6 **Q. EARLIER, YOU DISCUSSED THE ACQUISITION. HOW WILL**
7 **ARIZONA-AMERICAN ACCOUNT FOR THE DIFFERENCE BETWEEN**
8 **THE PURCHASE PRICE AND THE ACQUIRED ASSET BALANCE FOR**
9 **REGULATORY PURPOSES?**

10 **A.** The difference will be recorded as an Acquisition Adjustment in accordance with
11 the NARUC Uniform System of Accounts.

12 **Q. WHAT IS THE AMORTIZATION PERIOD THAT ARIZONA-AMERICAN**
13 **PROPOSES TO USE?**

14 **A.** Forty years.

15 **Q. WHAT METHOD OF AMORTIZATION IS ARIZONA-AMERICAN**
16 **PROPOSING TO USE?**

17 **A.** Arizona-American proposes to follow a mortgage amortization method, which
18 incorporates the same amortization principle as home mortgages. Under this
19 method, Arizona-American would recover only a small portion of the Acquisition
20 Adjustment in the initial years and recover increasingly greater amounts in the later
21 years. The annual amortization increases each year. The proposed amortization of
22 the Acquisition Adjustment balance is attached hereto as Stephenson Dir. Exh. 9.
23 The amount of the amortization included in the cost of service for the Sun City
24 West water and wastewater districts in these applications is \$21,800 and \$21,800,
25 respectively, based on amortization of the Acquisition Adjustment in 2003, as
26 shown on Exhibit 9.

1 Q. WHAT IS THE NORMAL METHOD OF RECOVERY FOR UTILITY
2 ASSETS?

3 A. The normal method, known as a straight-line method of recovery, involves equal
4 or level recovery in each year of the asset's life.

5 Q. WHY ARE YOU PROPOSING THE MORTGAGE METHOD RATHER
6 THAN THE STRAIGHT-LINE METHOD?

7 A. Although there are several reasons for this proposal, there is one significant
8 reason: the mortgage method provides a much better matching of the recovery of
9 the acquisition adjustment to the benefits the customers will receive as a result of
10 this transaction.

11 Q. DOES USING THE MORTGAGE AMORTIZATION METHOD BETTER
12 ILLUSTRATE THE CUSTOMER BENEFITS OF THIS TRANSACTION?

13 A. Yes. As stated previously, the savings generated from this transaction will grow as
14 time passes. Allocating the recovery of the Acquisition Adjustment on an
15 increasing basis over the recovery period, instead of leveling the recovery of the
16 Acquisition Adjustment as is normal under the straight-line method of recovery,
17 provides a superior opportunity for all current and future ratepayers to realize the
18 benefits of the transaction.

19 Q. ARE THERE ANY OTHER FACTORS THAT SUPPORT YOUR
20 SELECTION OF THIS METHODOLOGY?

21 A. Yes. The effects of inflation should also be considered. If a straight-line
22 amortization method is used, the highest net-present value amounts are charged
23 initially, and lower amounts are charged toward the end of the amortization. Given
24 the effects of inflation, the differential between initial and final charges are
25 substantial in terms of constant dollars. The mortgage-style amortization works
26 with the effects of inflation to create a more level, constant dollar charge.

1 Q. WHAT SHOULD THE COMMISSION AUTHORIZE IN THIS
2 PROCEEDING WITH RESPECT TO AN ACQUISITION ADJUSTMENT?

3 A. Arizona-American requests that the Commission authorize a 40-year amortization
4 period and use of a mortgage amortization method, with the recovery of the
5 acquisition adjustment as a component of the cost of service, as discussed
6 previously.

7 VII. DISCUSSION OF THE REQUIREMENTS OF THE ACQUISITION
8 DECISION

9 Q. HAVE YOU ADDRESSED COMPLIANCE WITH ALL OF THE
10 COMMISSION'S DIRECTIVES IN THE ACQUISITION DECISION?

11 A. No. I have only covered the requested treatment of the Acquisition Adjustment.
12 The Acquisition Decision also calls for the determination of the clear, quantifiable
13 and substantial net benefits for ratepayers resulting from the purchase of the
14 Citizens' Assets by Arizona-American; and the determination of the ratemaking
15 treatment of deferred taxes, excess deferred taxes and investment tax credits that
16 were on the books and records of Citizens at the time of the closing of the
17 purchase transaction, yet were not transferred to Arizona-American. It is my
18 recommendation to delay the demonstration of the clear, quantifiable and
19 substantial net benefits for ratepayers resulting from the purchase of the Citizens'
20 Assets by Arizona-American until a later date, after which time Arizona-American
21 will have greater operating experience and be better able to demonstrate the
22 tremendous net ratepayer benefits that result from this transaction. However, by
23 recommending this delay, Arizona-American does not waive its right to, at some
24 point in time in the future, request recovery of and on the Acquisition Adjustment,
25 if it so desires to do so. It is my recommendation is that the deferred taxes, excess
26 deferred taxes and the investment tax credit not be considered for any ratemaking

1 purpose.

2 **Q. WHAT IS THE BASIS FOR THIS RECOMMENDATION AS IT RELATES**
3 **TO THE DEFERRED TAXES, EXCESS DEFERRED TAXES AND THE**
4 **INVESTMENT TAX CREDIT?**

5 A. All of these items were established on the books and records of Citizens due to
6 timing differences between book and tax recognition of an allowance to record the
7 event causing the tax difference in the income stream. For deferred taxes, it is the
8 tax effect of the difference between depreciation methods of assets for book and
9 tax purposes. For tax purposes, many assets were once allowed to be depreciated
10 at an accelerated rate, meaning that the assets were depreciated at a higher early
11 period rate, and over a shorter time period, than for book purposes. For investment
12 tax credits, in the past the Internal Revenue Code allowed a percentage tax
13 deduction for the investment in various assets. The investment tax credit was
14 never considered for book purposes.

15 In short, these are taxes and credits that belong to Citizens, not Arizona-
16 American. Arizona-American purchased the water and wastewater assets of
17 Citizens in Arizona; it did not assume any of the liabilities, except for the one
18 series of industrial development revenue bonds. The deferred taxes and
19 investment tax credits will be reconciled from the books and records of Citizens
20 when Citizens files its 2002 tax return and applies these items against the gain or
21 loss realize upon the sale of the water and wastewater assets to Arizona-American.

22 **Q. WHAT WERE THE BALANCES OF THE DEFERRED TAXES AND**
23 **INVESTMENT TAX CREDITS ON THE BOOKS AND RECORDS OF**
24 **CITIZENS AT THE TIME OF CLOSING OF THE ASSET PURCHASE BY**
25 **AWW OF THE ARIZONA ASSETS?**

26 A. Stephenson Dir. Exh. 10 is a copy of the Arizona Property Detail supplied by

1 Citizens at the time of closing. This Exhibit shows that the balance for the
2 deferred taxes was \$4,674,819 and the balance of the investment tax credits was
3 \$1,910,600. There were no excess deferred taxes shown on the books and records
4 of Citizens for Arizona at the time of closing.

5 **Q. PLEASE EXPLAIN FURTHER WHY YOU BELIEVE THAT THE**
6 **DEFERRED TAXES ON THE BOOKS OF CITIZENS FOR ARIZONA AT**
7 **THE TIME OF CLOSING SHOULD NOT BE CONSIDERED FOR**
8 **RATEMAKING.**

9 **A.** Deferred taxes that were on the books and records of Citizens at the time of
10 closing are not an item that should be considered as a "carryover" item in an asset
11 purchase agreement. Deferred taxes result from items being treated differently for
12 tax and book purposes. These differences are primarily created by Citizens' ability
13 to delay actual tax payments due to accelerated asset value depreciation or
14 amortization for tax purposes over the straight-line depreciation or amortization
15 used for book and regulatory purposes. These tax-differences are recorded as
16 deferred taxes. These deferred taxes will be taken into consideration when
17 calculating a tax gain or loss as a result of the sale of the Citizens' Assets. Upon
18 the sale of such assets, these deferred taxes will be paid and the deferred tax
19 balances zeroed out.

20 When deferred taxes have been allowed as a component of cost of service
21 in utility ratemaking, their accumulated balance (ADIT) is typically deducted from
22 rate base as a source of non-investor capital. This is because deferred taxes are
23 collected in rates prior to the time they must be remitted to the respective taxing
24 authorities. In the interim, they represent a source of funds available to the utility
25 for plant investment or other corporate purposes. During that period it is entirely
26 appropriate to deduct the ADIT from rate base. When the tax liabilities underlying

1 previously deferred taxes are paid, however, the related ADIT balances are
2 eliminated and the rate base deductions are no longer available.

3 With respect to Citizens' ADIT existing at the time the sale of its water and
4 wastewater assets to AWW, the related income taxes will become due. At that
5 time, the ADIT's will be paid and there will be no balance available to deduct from
6 rate base. On-going compensation to customers is not warranted. When non-
7 investor funds have been satisfied they no longer exist, and no further rate base
8 deduction is appropriate. ADIT's may be viewed as a temporary loan to the utility
9 by the taxing authority. By deferring the date upon which taxes are ultimately
10 paid, a source of funds is created. Once the "loan" is repaid, the source of funds
11 ceases to exist. There is no entitlement inuring to the utility's customers, since
12 they pay taxes applicable to the utility service they receive.

13 **Q. WHAT IS THE EFFECT ON ARIZONA-AMERICAN IF THE**
14 **COMMISSION ELECTED TO USE CITIZENS' RECORDED DEFERRED**
15 **TAXES IN FUTURE RATEMAKING.**

16 **A.** The Internal Revenue Service has, on a number of occasions, declared that any
17 deferred income tax reserves or unauthorized income tax credits relating to assets
18 that have been sold, transferred, or removed from regulation may not continue to
19 be considered in the subsequent ratemaking determinations. To attempt to do
20 otherwise will result in the utility losing the ability to take accelerated depreciation
21 on its Federal income tax return.

22 **Q. PLEASE EXPLAIN FURTHER WHY YOU BELIEVE THE INVESTMENT**
23 **TAX CREDITS THAT WERE ON THE BOOKS AND RECORDS OF**
24 **CITIZENS AT THE TIME THE PURCHASE WAS COMPLETED BY**
25 **ARIZONA-AMERICAN SHOULD NOT BE CONSIDERED FOR**
26 **RATEMAKING.**

1 A. The reasons are exactly the same as for deferred taxes. The investment tax credits
2 will be considered in calculating Citizens' gain or loss as a result of the sale of the
3 assets, and therefore will be eliminated. The investment tax credits were a
4 "temporary" source of non-investor funds, once appropriately deducted from rate
5 base, but now that they have been "paid", they are no available as a rate base
6 deduction. This deduction no longer exists and as such cannot be used for
7 ratemaking.

8 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 A. Yes it does.
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STEPHENSON DIR. EXH. 1

N. JAMES

MAY 10 2001

ACTION

BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

APR 24 2001

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

DOCKETED BY

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IN THE MATTER OF THE JOINT
APPLICATION OF CITIZENS UTILITIES
COMPANY; AGUA FRIA WATER DIVISION
OF CITIZENS UTILITIES COMPANY;
MOHAVE WATER DIVISION OF CITIZENS
UTILITIES COMPANY; SUN CITY WATER
COMPANY; SUN CITY SEWER COMPANY;
SUN CITY WEST UTILITIES COMPANY;
CITIZENS WATER SERVICES COMPANY
OF ARIZONA; CITIZENS WATER
RESOURCES COMPANY OF ARIZONA;
HAVASU WATER COMPANY AND TUBAC
VALLEY WATER COMPANY, INC., FOR
APPROVAL OF THE TRANSFER OF THEIR
WATER AND WASTEWATER UTILITY
ASSETS AND THE TRANSFER OF THEIR
CERTIFICATES OF PUBLIC CONVENIENCE
AND NECESSITY TO ARIZONA-
AMERICAN WATER COMPANY AND FOR
CERTAIN RELATED APPROVALS.

DOCKET NOS. W-01032A-00-0192
W-01032B-00-0192
W-01032C-00-0192
S-02276A-00-0192
WS-02334A-00-0192
WS-03454A-00-0192
WS-03455A-00-0192
W-02013A-00-0192
W-01595A-00-0192
W-01303A-00-0192

DECISION NO. 63584

OPINION AND ORDER

DATE OF HEARING: September 27, 2000

PLACE OF HEARING: Phoenix, Arizona

PRESIDING ADMINISTRATIVE
LAW JUDGE: Karen E. Nally¹

IN ATTENDANCE: Chairman William A. Mundell and
Commissioner Jim Irvin

APPEARANCES: Mr. Michael M. Grant, GALLAGHER &
KENNEDY, and Mr. Craig Marks, Associate
General Counsel, on behalf of Citizens
Communications Company;

¹ This Recommended Opinion and Order was prepared by Administrative Law Judge Marc E. Stern upon review of the testimony and exhibits admitted into evidence in the proceeding.

1 Mr. Norman D. James. FENNEMORE CRAIG, on
2 behalf of Arizona-American Water Company;

3 Mr. Daniel W. Pozefsky, Staff Attorney, on behalf
4 of Residential Utility Consumer Office;

5 Mr. Bill Meek on behalf of the Arizona Utility
6 Investors Association; and

7 Ms. Teena Wolfe, Staff Attorney, Legal Division,
8 on behalf of the Utilities Division of the Arizona
9 Corporation Commission.

10 BY THE COMMISSION:

11 On March 24, 2000, Citizens Utilities Company, now known as Citizens
12 Communications Company, together with its Agua Fria Water Division, Mohave Water
13 Division, Sun City Water Company, Sun City Sewer Company, Sun City West Utilities
14 Company, Citizens Water Services Company of Arizona, Citizens Water Resources Company of
15 Arizona, Havasu Water Company and Tubac Valley Water Company (collectively "Citizens"),
16 and Arizona-American Water Company ("Arizona-American") filed with the Arizona Corporation
17 Commission ("Commission") a Joint Application to Transfer Assets and Related Approvals
18 ("Application") of Citizens' water and wastewater utility assets in Arizona including Citizens'
19 Certificates of Convenience and Necessity ("Certificates") held by Citizens to Arizona-American.

20 On May 17, 2000 and on June 1, 2000, the Residential Utility Consumer Office
21 ("RUCO") and the Arizona Utility Investors Association ("AUIA") filed applications for leave to
22 intervene. Subsequently, intervention was granted to RUCO and to AUIA.²

23 On May 30, 2000, by Procedural Order, a hearing was scheduled on the above-captioned
24 matter for September 27, 2000. Citizens and Arizona-American caused public notice of the
25 Application and hearing thereon to be published in various newspapers throughout Arizona. In

26 ² On April 10, 2000, Mr. Marvin Lustiger filed an application to intervene in the above-captioned matter.
However, by subsequent filing, Mr. Lustiger clarified that he was only interested in electric or telephone
service in Mohave County, and therefore, Mr. Lustiger's request to intervene was deemed to have been
withdrawn.

1 addition. Citizens notified all its customers of the Application by means of a written bill insert.

2 On September 14, 2000, a formal public comment session was held in Sun City.

3 On September 26, 2000, the Commission's Utilities Division ("Staff") filed a Settlement
4 Agreement ("Agreement") marked Exhibit A which is incorporated by reference and attached
5 hereto.

6 On September 27, 2000, a full public hearing took place at the offices of the Commission
7 in Phoenix, Arizona. Citizens, Arizona-American, RUCO, AUIA and Staff were present with
8 counsel. Following the presentation of evidence, Citizens and RUCO submitted written briefs on
9 the issue of whether Citizens should be required to pay a portion of the gain resulting from the
10 sale of its utility assets to Citizens' customers. The matter was then taken under advisement
11 pending submission of a recommended Opinion and Order to the Commission.

12 DISCUSSION

13 Parties to the Transaction

14 Citizens, through its various divisions and subsidiaries, provides water, wastewater,
15 electric, natural gas and telecommunications services to approximately 1.8 million customers in
16 22 states, including in excess of 100,000 customers in Arizona. Citizens' current business
17 strategy is to focus on the provision of telecommunications services and the expansion of those
18 operations through the acquisition of wire centers and access lines from other providers,
19 primarily in rural areas, as was the case in the recently approved transfer of rural wire centers by
20 Qwest Corporation to Citizens Utilities Rural Company, Inc.

21 In connection with this business strategy, Citizens intends to sell its water, wastewater,
22 electric, and natural gas utilities and to apply the proceeds to finance acquisitions and other
23 business activities in the telecommunications area. In April 2000, Citizens also announced the
24 sale of its Louisiana natural gas operations for \$375 million.

25 The Commission granted Arizona-American a Certificate of Convenience and Necessity
26 to provide water service to approximately 4,600 customers in portions of the Town of Paradise

1 Valley, the City of Scottsdale and certain unincorporated portions of Maricopa County. Arizona-
2 American is a wholly owned subsidiary of American Water Works Company, Inc. ("AWW")
3 which is the largest privately-owned water utility system in the United States, providing water,
4 wastewater and other water resource management services to approximately 3 million customers
5 in 23 states, and with a reported consolidated net plant of \$5.1 billion and operating revenues of
6 \$1.26 billion. AWW's December 31, 1999, balance sheet reflected a capital structure of 58.4
7 percent long-term debt, 2.3 percent preferred stock and 39.3 percent common equity.

8 In 1999, AWW's subsidiaries invested \$467 million in improving and upgrading their
9 facilities, and for the past several years, AWW has made similar expenditures averaging nearly
10 \$400 million per year. According to AWW witnesses, AWW's acquisition policy is motivated,
11 at least in part, by anticipated capital expenditures resulting from new regulatory requirements
12 and programs and the need to replace or upgrade aged infrastructure to maintain high quality
13 service. With the additional water and wastewater systems, AWW and its subsidiaries hope to
14 obtain economies of scale and to strengthen their financial capability by expanding their
15 customer base.

16 The Transaction

17 On October 15, 1999, Citizens, Arizona-American and AWW entered into an agreement
18 under which Arizona-American is to acquire the water and wastewater assets and the Certificates
19 held by Citizens in Arizona ("the Acquired Assets") for approximately \$231 million, subject to
20 adjustment at the time of closing. The purchase price will be increased based on utility plant
21 added by Citizens after June 30, 1999, and will be reduced based on plant retirements occurring
22 after such date. The Acquired Assets include all utility plant, property and interests relating to
23 Citizens' water and wastewater operations in Arizona, with certain exceptions, including assets
24 commonly used by Citizens in connection with other utility operations, cash and cash
25 equivalents, and assets related to benefit plans. Citizens will also retain certain liabilities,
26 including obligations for taxes payable, obligations relating to employee compensation and

1 benefits, and refunds of certain advances in aid of construction. Arizona-American will assume
2 and be liable for all contracts and permits assigned at closing, certain Industrial Development
3 Revenue Bonds ("IDRBs"), and unperformed obligations.

4 Arizona-American will finance the purchase of the Acquired Assets by a combination of
5 debt and equity. AWW has recently formed a new subsidiary, American Water Capital
6 Corporation ("AWCC"), that will provide loans and other financial services to AWW
7 subsidiaries. Initially, Arizona-American will borrow funds from AWCC on a short-term basis,
8 and receive additional funds in the form of common equity directly from AWW. Within 12
9 months, the short-term debt will be converted to long-term debt with a planned capital structure
10 which will contain 55 to 60 percent debt and 45 to 40 percent common equity, including
11 Arizona-American's existing debt and equity capital and the Citizens' IDRBs that will be
12 assumed.³

13 The Position of Staff and the Staff Settlement Agreement

14 Staff generally supported the application, and recommended that the transfer of the
15 Acquired Assets to Arizona-American be approved, subject to several conditions.

16 First, Staff recommended that the Commission defer any decision on the ratemaking
17 treatment of an acquisition adjustment, deferred taxes, excess deferred taxes, and investment tax
18 credits until a future rate proceeding.

19 Second, Staff recommended that the decision to allow recovery of an acquisition
20 adjustment be based on Arizona-American's ability to demonstrate that clear, quantifiable and
21 substantial net benefits have been realized by ratepayers, which would not have been realized
22 had the transaction not occurred.

23 Third, Staff recommended that Arizona-American should be ordered to file, 13 months
24

25 ³ Arizona-American has filed an application for authority to issue short-term and long-term debt in
26 connection with financing the purchase of the Acquired Assets, which is pending in Docket No. W-
01303A-00-0929.

1 after the closing of the transaction, a report comparing the number of complaints received by the
2 Commission prior to and after the transaction. The report should provide an explanation of any
3 significant changes in the number and importance of the complaints. Staff would then review
4 this report and, if necessary, make a recommendation to the Commission of any further action to
5 be taken.

6 Fourth, Staff recommended that an imputation of the benefits related to advances in aid
7 of construction ("AIAC") and contributions in aid of construction ("CIAC") received by
8 Arizona-American be made in subsequent rate proceedings for each former Citizens' system.
9 The purpose of the imputation would be to recognize those portions of the Acquired Assets that
10 were financed by AIAC and CIAC which Arizona-American will not be assuming. Staff also
11 recommended that imputed AIAC be amortized over a period of 10 years, while imputed CIAC
12 would be amortized below the line in the same manner as would have otherwise occurred.

13 Fifth, Staff recommended that Arizona-American be required to seek Commission
14 approval of any amendments to, or transfers of agreements relating to the purchase of water,
15 such as Citizens' Central Arizona Project ("CAP") water subcontracts.

16 Finally, Staff recommended that the Commission order Arizona-American to charge
17 ratepayers for services based on the rates, charges, and service tariffs in effect at the time of
18 closing in each Citizens service territory, until such time as Arizona-American files general rate
19 proceedings for each service territory.

20 In its rebuttal filing, Arizona-American indicated that it would stipulate to the conditions
21 recommended by Staff, including the deferral of a decision concerning the recognition of an
22 acquisition adjustment and the conditions under which an acquisition adjustment would be
23 recognized, and would adopt and utilize the rates and charges for service, and all other service
24 tariffs currently in effect in each of the affected Citizens service territories. However, Arizona-
25 American disagreed with imputing Citizens' AIAC and CIAC to Arizona-American.

1 Subsequently, Staff and Arizona-American entered into the Agreement, which resolved
2 all areas of disagreement relating to the terms and conditions under which the Acquired Assets
3 would be transferred to Arizona-American.

4 Pursuant to the terms of the Agreement, Citizens' AIAC and CIAC will be imputed to
5 Arizona-American for ratemaking purposes. This adjustment will reduce rate base. The amount
6 of the AIAC and CIAC to be imputed to Arizona-American for ratemaking purposes will be
7 based on the actual balances shown on Citizens' regulatory books as of the date of the transfer of
8 the Acquired Assets, adjusted as follows: an amount equal to 5 percent of Citizens' AIAC
9 balance at the time of the transfer will be reclassified as CIAC and added to the CIAC balance,
10 and the same amount will be deducted from Citizens' AIAC balance. The adjusted amount of
11 AIAC will be amortized below the line (i.e., no impact on expenses) over a period of 6.5 years,
12 with the amortization period beginning on the day on which the transfer takes place. The
13 adjusted amount of CIAC will be amortized above the line (i.e., as a reduction to depreciation
14 expense that would otherwise be recoverable in rates) over a period of 10 years, with the
15 amortization period beginning on the day on which the transfer takes place. The imputation of
16 AIAC and CIAC to Arizona-American is solely for ratemaking purposes, and not for financial
17 accounting or any other purpose.

18 In addition to agreeing to the imputation of AIAC and CIAC, Arizona-American agreed
19 that the Commission may adopt Staff's remaining conditions concerning the sale and transfer of
20 the Acquired Assets. Staff and Arizona-American also agreed that Arizona-American's request
21 for an accounting order to establish the amortization method for any acquisition adjustment
22 resulting from the transaction should be deferred until a future rate case.

23 Based on these agreements by Arizona-American, Staff is recommending that the
24 Commission should approve the transfer of the Acquired Assets to Arizona-American and should
25 not impose any additional terms, conditions or requirements on Arizona-American.
26

1 During the hearing, Staff and Arizona-American voiced their support of the Agreement,
2 believing that its terms are reasonable and in the public interest. AUIA also expressed its
3 support for the Agreement. However, the remaining party to the proceeding, RUCO, objects to
4 the approval of the Agreement and to the transaction generally, as discussed below.

5 Position of RUCO

6 RUCO maintains the proposed transaction believing that it is not in the public interest
7 and should not be approved unless it is restructured. RUCO argued that the transaction could
8 possibly, in the future, impact on ratepayers. While RUCO did not disagree that consideration of
9 an acquisition adjustment should be deferred until a future ratecase, RUCO argued that the gain
10 resulting from the sale of the Acquired Assets received by Citizens, i.e., the difference between
11 the net book value of the Acquired Assets and the purchase price being paid by Arizona-
12 American, should be shared equally between Citizens stockholders and the ratepayers. RUCO
13 further argued that the Commission should adopt a set of criteria to determine what, if any,
14 acquisition adjustment should be allowed in a future rate proceeding. RUCO also suggested that
15 to make this transaction in the public interest, among other things, the transaction should be
16 contingent upon Arizona-American's Board of Director's approving a letter pledging to invest no
17 less than 15 percent of the purchase price in acquisitions and capital improvements of "resources
18 stressed" water and/or wastewater utilities in Arizona no later than 72 months after the date the
19 Commission authorizes the transaction.

20 Analysis of Disposition of Gain Issue

21 RUCO contended that fundamental principles of fairness support sharing the gain in this
22 case. RUCO maintained that ratepayers have shared in the risk associated with the operation of
23 the utility assets and that it necessarily follows that ratepayers should share in the gain realized
24 from the sale of those assets. According to RUCO, this risk sharing results from the accounting
25 treatment provided in the National Association of Regulatory Utility Commissioners
26 ("NARUC") Uniform System of Accounts when an asset is retired prematurely, i.e., before a

1 utility fully recovers its original cost via depreciation. RUCO also stated that prior Commission
2 decisions support gain sharing.

3 In response, Citizens argued that ratepayers have assumed no risk in connection with the
4 operation of Citizens' water and wastewater utility business. Investors have provided the
5 utility's capital and bear the financial risks associated with its operations. Therefore, the
6 investors should be entitled to receive any gain resulting from the transaction. As to prior
7 Commission decisions, Citizens cited three analogous cases involving a sale of an entire line of
8 utility business in which the Commission did not order gain sharing.⁴ Citizens also cited
9 Decision No. 60167 (April 17, 1997) in which a utility's natural gas business was sold at a loss.
10 In that case, the Commission did not order the customers to share in the loss.⁵

11 This proceeding is similar to the three cases cited earlier by Citizens since it is selling its
12 entire business and will have no further water and wastewater operations in Arizona. The
13 Commission has never required gain sharing under these circumstances. In the Contel of the
14 West matter, in which Citizens was authorized to acquire all of Contel's telephone properties in
15 Arizona, Staff urged that the gain resulting from the sale be shared equally with ratepayers.
16 However, the Commission rejected gain sharing in that case.

17 We also do not believe that ratepayers bear a substantial risk by virtue of receiving utility
18 service in this case. The particular accounting treatment for depreciable plant provided under the
19 Uniform System of Accounts does not shift risk to customers, but rather prescribes particular
20 accounting adjustments to properly reflect rate base before and after the retirement of a plant
21 item. The utility's owners, i.e., its shareholders, ultimately bear the risks associated with the
22 utility's business. While regulation may reduce those risks relative to most non-regulated
23
24

25 ⁴ Citizens/Southern Union, Decision No. 57647 (December 2, 1991); Contel/Citizens, Decision No. 58819,
(October 17, 1994); and GTE/Citizens, Decision No. 62648 (June 13, 2000).

26 ⁵ Ajo Improvement Company/Southwest Gas, Decision No. 60167 (April 17, 1997).

1 businesses, regulation does not shift that risk to ratepayers, who are entitled to receive utility
2 service at rates set by the Commission.

3 Accordingly, we do not find it appropriate under the circumstances in this case to require
4 Citizens to share with ratepayers any part of the gain it receives from the sale of the Acquired
5 Assets to Arizona-American. However, this will not preclude the Commission from protecting
6 the ratepayers in the future. In any claim for an acquisition adjustment in a future rate case, the
7 Commission can strictly scrutinize the foundation of the claim and determine what amount, if
8 any, should be approved.

9 Analysis of Remaining RUCO Recommendations

10 RUCO's other recommendations pertained to the structure of the transaction and
11 RUCO's concerns that this structure could lead to rate increases in the future. RUCO's concern
12 primarily relates to the fact that Arizona-American will not be assuming all of Citizens'
13 liabilities associated with AIAC and CIAC, which totaled approximately \$80.8 million and \$4.7
14 million, respectively, at December 31, 1999. According to RUCO, the structure of the
15 transaction will result in the elimination of AIAC and CIAC as reductions from rate base, which
16 will in turn result in an increase in rate base and, eventually, to rate increases.

17 We believe that the Agreement appropriately deals with this issue. Citizens' AIAC and
18 CIAC will be recognized for ratemaking purposes by Arizona-American, even though Arizona-
19 American is not assuming those liabilities. By virtue of this imputation, the impact of the
20 structure of the transaction will be ameliorated. Based on the evidence and the testimony, the
21 approach utilized in the Agreement is reasonable.

22 Further, the evidence indicates that the transaction between Citizens, Arizona-American
23 and AWW was the product of arms-length negotiations that occurred after Citizens had adopted
24 its current business strategy of focusing on telecommunications services and divesting itself of
25 its water and wastewater systems, as well as its electric and natural gas systems throughout the
26

1 country. This is not a transaction between affiliated companies. The payment by Arizona-
2 American will constitute an investment in the Acquired Assets.

3 RUCO also expressed concern regarding the impact of the transaction on Citizens'
4 accumulated deferred income taxes ("ADITs"), which totaled approximately \$5.2 million as of
5 December 31, 1999, and Citizens' investment tax credits ("ITCs"), which totaled approximately
6 \$2.2 million as of the same date. Under the Agreement, any decision on the treatment of ADITs
7 and ITCs will be deferred until Arizona-American seeks new rates in a future proceeding.
8 Staff's recommendation is appropriate under the circumstances herein.

9 Next, RUCO questioned the approach proposed by Arizona-American and Staff, as
10 adopted in the Agreement, for dealing with the possible future recognition of an acquisition
11 adjustment in rates. RUCO agreed with Arizona-American and Staff that it is appropriate to
12 defer consideration of any acquisition adjustment resulting from the transaction until a future rate
13 proceeding, in order to afford Arizona-American an opportunity to demonstrate that the
14 acquisition has provided a net benefit to ratepayers by virtue of improved operating efficiencies,
15 economies of scale and other synergies. However, RUCO's witnesses also contended that the
16 Commission should adopt a set formula that would be used in connection with any future
17 determination of the amount of the acquisition adjustment.

18 We have concerns about the adoption of a set, mechanical formula to quantify a future
19 acquisition adjustment. We believe that such a determination should be made at the time all the
20 facts and circumstances are known. Staff's recommendation concerning the basis on which the
21 Commission will allow the recovery of an acquisition adjustment is reasonable and in the public
22 interest. Arizona-American is cautioned that the Commission will require Arizona-American to
23 demonstrate that clear, quantifiable and substantial net benefits to ratepayers have resulted from
24 the acquisition of Citizens' systems that would not have been realized had the transaction not
25 occurred before the Commission will consider recovery of any acquisition adjustment in a future
26 rate proceeding.

1 RUCO was also critical of Arizona-American's failure to assume all of Citizens' IDRBS.
2 As stated, Arizona-American will assume certain IDRBS. which total approximately \$10.6
3 million. The IDRBS that will be assumed constitute low-cost capital. The average cost of the
4 IDRBS that will be assumed by Arizona-American was 3.55 percent per annum during 1999.
5 RUCO believes that there may be three additional Citizens bond issues, representing low-cost
6 capital, that will not be assumed in connection with the transaction.

7 Arizona-American, in its testimony, has acknowledged that other bonds have been issued
8 by Citizens. The evidence indicates, however, that in contrast to the IDRBS that will be
9 assumed, the other bonds would require unanimous consent from all bond holders in order to be
10 assumed, which would be administratively difficult, if not impossible, to accomplish within the
11 time frame of the transaction. The additional costs to Arizona-American to replace these low-
12 cost IDRBS with alternative forms of financing was not ascertained.

13 We find that it would not be feasible for Arizona-American to assume the remaining
14 bonds and it would not be reasonable to impute these bonds to Arizona-American's capital
15 structure. The remaining bonds will continue to be an obligation of Citizens and will continue to
16 be included in Citizens' capital structure in its ongoing telecommunications business.

17 Finally, RUCO recommends that authorization of the transaction be made contingent on
18 Arizona-American pledging to invest not less than 15 percent of the purchase price for the
19 Acquired Assets, or approximately \$35 million, in acquisitions and capital improvements of
20 "resource stressed" water and/or wastewater utilities in Arizona. These acquisitions and capital
21 improvements would have to be made within 72 months from the date on which the Commission
22 approves the transaction.

23 The Commission recognizes that there are small water and wastewater utilities in Arizona
24 that may need technical and financial assistance. Indeed, the Commission has provided such
25 assistance to small water and wastewater utilities through workshops and the development of
26 policies aimed at improving their financial viability. However, it is not reasonable to compel a

1 private utility to spend in excess of \$35 million to solve these problems, nor is it clear that the
2 Commission has the authority to do so.

3 Arizona-American has indicated its willingness to work with the Commission in
4 developing solutions to service problems being experienced by small, troubled utilities. By
5 virtue of acquiring Citizens' systems in Arizona, Arizona-American will be in closer proximity
6 to a number of these systems, and the Commission would expect Arizona-American, as
7 circumstances warrant, to seriously consider acquiring these systems or otherwise provide
8 technical or financial assistance. For these reasons, we do not believe it is appropriate to impose
9 such a mandate on Arizona-American.

10 * * * * *

11 Having considered the entire record herein and being fully advised in the premises, the
12 Commission finds, concludes, and orders that:

13 FINDINGS OF FACT

14 1. Pursuant to authority granted by the Commission, Citizens provides public water,
15 wastewater, electric, natural gas and telecommunications services in various parts of Arizona.

16 2. Pursuant to authority by the Commission, Arizona-American, a wholly owned
17 subsidiary of AWW, provides public water service to approximately 4,600 customers in the
18 Town of Paradise Valley, the City of Scottsdale and in certain unincorporated portions of
19 Maricopa County, Arizona. Arizona-American is presently classified as a Class B water utility.

20 3. On March 24, 2000, Citizens and Arizona-American filed an Application
21 requesting approval of the sale and transfer of Citizens' water and wastewater utility assets in
22 Arizona together with the transfer of Citizens' Certificates to Arizona-American.

23 4. RUCO and the AUIA were granted intervention in this Docket.

24 5. Public notice of the Application and hearing thereon was published in various
25 newspapers throughout Arizona within and in the vicinity of Citizens' and Arizona-American's
26 certificated service areas.

1 6. Customers of Citizens were also notified of the Application by means of a written
2 bill insert.

3 7. Citizens' current business strategy is to focus on the provision of
4 telecommunication services and to expand its telecommunications subsidiaries' operations
5 through the acquisition of wire centers and access lines from other providers, primarily in rural
6 areas.

7 8. In the furtherance of this business strategy, Citizens is selling its water,
8 wastewater, electric and natural gas utilities and applying the proceeds to finance acquisitions
9 and other business activities in the telecommunications industry.

10 9. AWW and its subsidiaries, including Arizona-American, are the largest privately-
11 owned water utility system in the United States, providing water, wastewater and other water
12 resource management services to approximately three million customers in 23 states.

13 10. AWW is financially sound, and has the experience, expertise and resources to
14 assume and perform Citizens' public service obligations.

15 11. On October 15, 1999, Citizens, Arizona-American and AWW entered into an
16 asset purchase agreement under which Arizona-American will acquire all of the water and
17 wastewater utility assets together with the requisite Certificates held by Citizens in Arizona.

18 12. Arizona-American will pay a purchase price of approximately \$231 million which
19 includes the assumption of approximately \$10.6 million of existing debt in the form of
20 outstanding IDRBs. The purchase price is subject to adjustment either higher or lower based on
21 plant additions and retirements occurring after June 30, 1999.

22 13. Arizona-American will finance the transaction through a combination of debt and
23 equity, resulting in Arizona-American having a capital structure of 55 to 60 percent debt and 45
24 to 40 percent common equity. This debt to equity ratio is comparable to the capital structures of
25 most large, publicly-traded water utilities.

1 14. Staff is recommending that the Application be approved for the sale and transfer
2 of Citizens' water and wastewater utility assets including the Certificates to Arizona-American
3 subject to the following conditions:

- 4 • that any decision on the ratemaking treatment of an acquisition adjustment,
5 deferred taxes, excess deferred taxes and investment tax credits be deferred until a
6 future rate proceeding;
- 7 • that if recovery of any acquisition adjustment is authorized in the future it should
8 be based on Arizona-American's ability to demonstrate that clear, quantifiable
9 and substantial net benefits have been realized by ratepayers in the affected areas,
10 which would not have been realized had the transaction not occurred;
- 11 • that Arizona-American file, 30 days after the first anniversary of the transaction, a
12 report which compares the number of complaints received by the Commission
13 under Citizens' ownership and under Arizona-American's ownership and provide
14 an explanation of any significant changes in the number and importance of the
15 complaints received. Staff should review the data and, if necessary, make a
16 recommendation to the Commission of any further action to be taken;
- 17 • that an imputation of the benefits related to AIAC and CIAC received by Arizona-
18 American should be made in subsequent rate proceedings for each former
19 Citizens system as recommended by Staff in its direct testimony;
- 20 • that Arizona-American shall be required to secure prior Commission approval of
21 any amendments to, or transfers of agreements relating to the purchase of water,
22 such as Citizens' CAP water subcontracts; and
- 23 • that Arizona-American shall charge ratepayers for services based on the rates,
24 charges, and service tariffs in effect at the time of closing in each Citizens service
25 territory, until such time as Arizona-American files general rate proceedings for
26 each service territory.

19 15. On September 26, 2000, Staff filed the Agreement that is marked Exhibit A. The
20 Agreement resolves all issues relating to the terms and conditions under which the Acquired
21 Assets may be sold and transferred to Arizona-American.

22 16. In the Agreement, Arizona-American acknowledged that it will follow Staff's
23 recommendations if they are adopted by the Commission.

24 17. While RUCO did not oppose the treatment of the acquisition adjustment in a
25 future rate proceeding, it neither joined in signing the Agreement nor suggested a workable
26

1 alternative approach to that agreed upon by Arizona-American and Staff in the Agreement in this
2 instance based on our prior treatment of similar transactions.

3 18. Arizona-American is a fit and proper entity to acquire Citizens' utility assets and
4 Certificates and to assume Citizens' public service obligations for the operation of the utility
5 systems in Arizona.

6 19. Staff and Arizona-American believe that the approval of the Agreement attached
7 hereto as Exhibit A is in the public interest.

8 20. Based on our review of the evidence, Staff's recommendations in Findings of Fact
9 No. 14 and the Agreement are reasonable and in the public interest. Therefore, the transfer of
10 Citizens' water and wastewater utility assets and Certificates to Arizona-American should be
11 approved.

12 CONCLUSIONS OF LAW

13 1. Citizens and Arizona-American are public service corporations within the
14 meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281, 40-282 and 40-285.

15 2. The Commission has jurisdiction over Citizens and Arizona-American and over
16 the subject matter of the Application.

17 3. Citizens and Arizona-American provided notice of this proceeding in accordance
18 with the law.

19 4. There is a continuing need for public water and wastewater service in the
20 certificated service areas of Citizens.

21 5. Arizona-American is a fit and proper entity to receive the Certificates of Citizens.

22 6. The Application of Citizens and Arizona-American, the Agreement and the
23 conditions recommended by Staff in Findings of Fact No. 14 should be approved.
24
25
26

ORDER

IT IS THEREFORE ORDERED that the Joint Application for Approval to Transfer the Assets and Certificates of Convenience and Necessity of Citizens Utilities Company, now known as Citizens Communications Company, together with its Agua Fria Water Division, Mohave Water Division, Sun City Water Company, Sun City Sewer Company, Sun City West Utilities Company, Citizens Water Services Company of Arizona, Citizens Water Resources Company of Arizona, Havasu Water Company and Tubac Valley Water Company, to Arizona-American Water Company be, and is hereby, approved.

IT IS FURTHER ORDERED that Arizona-American Water Company shall comply with the terms, conditions and requirements as set forth in the Staff Settlement Agreement, attached hereto as Exhibit A, and with Staff's recommendations in Findings of Fact No. 14 hereinabove.

IT IS FURTHER ORDERED that Arizona-American Water Company shall file, within 30 days from the date on which the acquisition has been completed, with the Director of the Commission's Utilities Division, appropriate documentation evidencing its acquisition of the Citizens Utilities Company now known as Citizens Communications Company's Arizona water and wastewater utility assets.

IT IS FURTHER ORDERED that Arizona-American Water Company shall notify its customers of the effective date of the transfer of the utility assets and of its assumption of the obligation to provide water and wastewater utility services at the existing rates by means of an insert in its first regular monthly billing or by other appropriate means immediately following the date it files the documentation with the Director of the Utilities Division.

IT IS FURTHER ORDERED that Arizona-American Water Company shall file, within 15 days of the date it files the documentation with the Director of the Utilities Division, a copy of the notice it provides its customers.

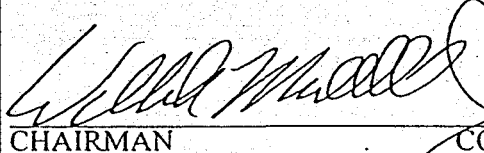
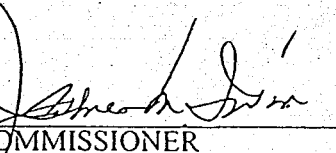

1 IT IS FURTHER ORDERED that Arizona-American Water Company shall continue to
 2 charge the existing rates and charges of the transferred utility companies until further Order by
 3 the Commission.

4 IT IS FURTHER ORDERED that Arizona-American Water Company shall continue to
 5 file all periodic reports, and comply with all outstanding compliance matters previously required
 6 of Citizens Utilities Company, now known as Citizens Communications Company relative to the
 7 acquired water and wastewater operations.

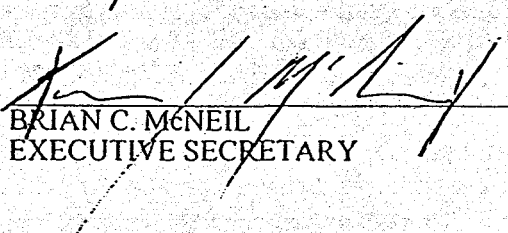
8 IT IS FURTHER ORDERED that Citizens Utilities Company shall maintain its books
 9 and records for the transferred utility companies for a period of 5 years from the effective date of
 10 this Decision.

11 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

12 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

13
 14   
 15 CHAIRMAN COMMISSIONER COMMISSIONER

16 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
 17 Executive Secretary of the Arizona Corporation
 18 Commission, have hereunto set my hand and caused the
 19 official seal of the Commission to be affixed at the Capitol,
 20 in the City of Phoenix, this 24th day of
April, 2001

21 
 22 BRIAN C. McNEIL
 23 EXECUTIVE SECRETARY

24 DISSENT _____
 25
 26

1 SERVICE LIST FOR: CITIZENS COMMUNICATIONS COMPANY
 2 ET AL.
 3 DOCKET NOS.: W-01032A-00-0192; W-01032B-00-0192; W-
 4 01032C-00-0192; S-02276A-00-0192; WS-
 5 02334A-00-0192; WS-03454A-00-0192; WS-
 6 03455A-00-0192; W-02013A-00-0192; W-01595A-
 7 00-0192; and W-01303A-00-0192
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 22 Arizona Utility Investors Association
 23 P. O. Box 34805
 24 Phoenix, AZ 85067
 25
 26 Christopher C. Kempley, Chief Counsel
 Legal Division
 ARIZONA CORPORATION COMMISSION
 1200 West Washington
 Phoenix, AZ 85007
 Deborah Scott, Director
 Utilities Division
 ARIZONA CORPORATION COMMISSION
 1200 West Washington
 Phoenix, AZ 85007
 Daniel W. Pozefsky
 Staff Attorney
 Residential Utility Consumer Office
 Suite 1200
 2828 North Central Avenue
 Phoenix, AZ 85004
 3099-0035/898296

0001920&0

DECISION NO. 63584

1 CARL J. KUNASEK
CHAIRMAN
2 JIM IRVIN
COMMISSIONER
3 WILLIAM A. MUNDELL
COMMISSIONER
4

BEFORE THE ARIZONA CORPORATION COMMISSION

5
6 IN THE MATTER OF THE JOINT
APPLICATION OF CITIZENS UTILITIES
7 COMPANY; AGUA FRIA WATER
DIVISION OF CITIZENS UTILITIES
8 COMPANY; MOHAVE WATER DIVISION
OF CITIZENS UTILITIES COMPANY; SUN
9 CITY WATER COMPANY; SUN CITY
SEWER COMPANY; SUN CITY WEST
10 UTILITIES COMPANY; CITIZENS WATER
SERVICES COMPANY OF ARIZONA;
11 CITIZENS WATER RESOURCES
COMPANY OF ARIZONA; HAVASU
12 WATER COMPANY AND TUBAC VALLEY
WATER COMPANY, INC., FOR
13 APPROVAL OF THE TRANSFER OF THEIR
WATER AND WASTEWATER UTILITY
14 ASSETS AND THE TRANSFER OF THEIR
CERTIFICATES OF PUBLIC CONVENIENCE
15 AND NECESSITY TO ARIZONA-
AMERICAN WATER COMPANY AND FOR
16 CERTAIN RELATED APPROVALS.

DOCKET NOS. W-01032A-00- 0192
W-01032B-00- 0192
W-01032C-00- 0192
S-02276A-00- 0192
WS-02334A-00-0192
WS-03454A-00-0192
WS-03455A-00-0192
W-02013A-00- 0192
W-01595A-00- 0192
W-01303A-00- 0192

SETTLEMENT AGREEMENT BETWEEN
ARIZONA CORPORATION
COMMISSION STAFF AND ARIZONA-
AMERICAN WATER COMPANY

17 On March 24, 2000, Citizens Utilities Company (now known as Citizens
18 Communications Company), its Agua Fria Water Division, its Mohave Water
19 Division, Sun City Water Company, Sun City Sewer Company, Sun City West
20 Utilities Company, Citizens Water Services Company of Arizona, Citizens Water
21 Resources Company of Arizona, Havasu Water Company and Tubac Valley Water
22 Company (collectively, "Citizens") and Arizona-American Water Company
23 ("Arizona-American") filed with the Arizona Corporation Commission
24 ("Commission") a joint application for the approval of the sale and transfer of
25 Citizens water and wastewater utility plant, property and assets in Arizona,
26 including transfer of Citizens' certificates of convenience and necessity

1 ("Certificates"), to Arizona-American pursuant to A.R.S. § 40-285.

2 The Commission's Utilities Division Staff ("Staff") has investigated the
3 application and has recommended that the application be approved by the
4 Commission, subject, however, to certain conditions and requirements, which are
5 set forth in the Direct Testimony of Linda A. Jaress, filed in this docket on August
6 14, 2000, at pages 18-19 ("Staff Recommendations"). Arizona-American has
7 indicated that it is willing to accept the Staff Recommendations, with the exception
8 of the recommendation that Citizens' advances in aid of construction ("AIAC") and
9 contributions in aid of construction ("CIAC") be imputed to Arizona-American.

10 Representatives of Staff and Arizona-American have had discussions
11 concerning the matters in dispute with respect to the application and have reached
12 a settlement. The purpose of this Settlement Agreement is to memorialize the
13 agreement that has been made by and among Staff and Arizona-American, which
14 resolves all areas of disagreement relating to the terms and conditions under which
15 Citizens' Arizona water and wastewater assets and Citizens' Certificates may be
16 transferred to Arizona-American.

17 1. AIAC Imputation; Amortization. As of December 31, 1999, Citizens'
18 AIAC balance was \$80,818,669. Citizens' AIAC balance as of the date on which
19 Citizens' water and wastewater assets and Certificates are transferred to Arizona-
20 American and Arizona-American becomes responsible for the provision of water
21 and wastewater services will be imputed to Arizona-American. Such imputation
22 shall be solely for ratemaking purposes. The total amount of AIAC imputed will be
23 adjusted as more particularly provided below. The adjusted amount of AIAC will be
24 amortized below the line (i.e., no impact on expenses) over a period of 6.5 years,
25 with the amortization period beginning on the day on which the transfer takes
26 place.

1 2. CIAC Imputation; Amortization. As of December 31, 1999, Citizens'
2 CIAC balance was \$4,734,430. Citizens' CIAC balance as of the date on which
3 Citizens' water and wastewater assets and Certificates are transferred to Arizona-
4 American and Arizona-American become responsible for the provision of water and
5 wastewater services will also be imputed to Arizona-American. Such imputation
6 shall be solely for ratemaking purposes. The total amount of CIAC to be imputed
7 to Arizona-American will also be adjusted as provided below. The adjusted CIAC
8 balance imputed to Arizona-American will be amortized above the line (i.e., as a
9 reduction to depreciation expense) over a period of 10 years, with the amortization
10 period beginning on the day on which the transfer takes place.

11 3. Adjustment to Recorded AIAC and CIAC Balances. The amounts of
12 AIAC and CIAC to be imputed to Arizona-American for ratemaking purposes will be
13 based on the actual balances shown on Citizens' regulatory books as of the date of
14 the transfer, adjusted as follows: An amount equal to five percent (5%) of
15 Citizens' AIAC balance at the time of the transfer will be reclassified as CIAC and
16 added to the CIAC balance, and the same amount will be deducted from Citizens'
17 AIAC balance in computing the amounts to be imputed to Arizona-American for
18 ratemaking purposes hereunder.

19 4. Adoption of Remaining Staff Recommendations. Arizona-American
20 agrees that the Commission may adopt the remaining Staff Recommendations, as
21 set forth in the Direct Testimony of Linda A. Jares.

22 5. Deferral of Determination of Amortization Method. The parties agree
23 that Arizona-American's request for an accounting order to establish the
24 amortization method for any acquisition adjustment resulting from the transaction
25 should be deferred until a future rate case.

26 6. Transfer in the Public Interest. Based on the foregoing agreements

1 and understandings, Staff agrees that Arizona-American is a fit and proper entity to
2 acquire the Certificates and that the Commission should authorize and approve the
3 transfer of Citizens' Arizona water and wastewater assets to Arizona-American on
4 the terms set forth herein. No additional terms, conditions or requirements are
5 necessary or appropriate.

6 7. Support and Defend. This Settlement Agreement will be introduced as
7 an exhibit during the hearing on the application, presently set for September 27,
8 2000. Arizona-American and Staff will jointly request that the Settlement
9 Agreement be received into evidence, and agree to support and defend this
10 Settlement Agreement and the transfer of Citizens' water and wastewater assets
11 and the Certificates to Arizona-American on the terms set forth herein as just,
12 reasonable and appropriate based on the particular circumstances presented in this
13 application.

14 8. Compromise; No Precedent. This Settlement Agreement represents a
15 compromise in the positions of the parties hereto. By entering into this Settlement
16 Agreement, neither Staff nor Arizona-American acknowledges the validity or
17 invalidity of any particular method, theory or principle of regulation, or agrees that
18 any method, theory or principle of regulation employed in reaching a settlement is
19 appropriate for resolving any issue in any other proceeding, including (without
20 limitation) any issues that are deferred to a subsequent rate proceeding. Except as
21 specifically agreed upon in this Settlement Agreement, nothing contained herein
22 will constitute a settled regulatory practice or other precedent.

23 9. Privileged and Confidential Negotiations. All negotiations and other
24 communications relating to this Settlement Agreement are privileged and
25 confidential, and no party is bound by any position asserted during the
26 negotiations, except to the extent expressly stated in this Settlement Agreement.


1 As such, evidence of statements that were made or other conduct occurring during
2 the course of the negotiation of this Settlement Agreement is not admissible in any
3 proceeding before the Commission or a court.

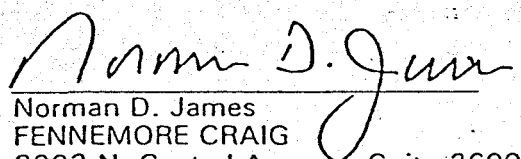
4 10. Complete Agreement. This Settlement Agreement represents the
5 complete agreement of the parties with respect to its subject matter. There are no
6 understandings or commitments other than those expressly set forth herein.

7 DATED this 26 day of September, 2000.

8 ARIZONA CORPORATION
9 COMMISSION STAFF

ARIZONA-AMERICAN WATER COMPANY

10 By: 
11 Steven M. Olea
12 Acting Director, Utilities Division
13 Arizona Corporation Commission
14 1200 West Washington Street
15 Phoenix, Arizona 85007

By: 
Norman D. James
FENNEMORE CRAIG
3003 N. Central Avenue, Suite 2600
Phoenix, Arizona 85012-2913
Attorneys for Arizona-American
Water Company

16 An original and 10 copies of the
17 foregoing was delivered this
18 ___ day of September, 2000, to:

19 Docket Control
20 Arizona Corporation Commission
21 1200 West Washington
22 Phoenix, AZ 85007

23 A copy of the foregoing
24 was delivered this ___ day of
25 September, 2000, to:

26 Karen E. Nally
Assistant Chief Administrative
Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

1 A copy of the foregoing
2 was telecopied/delivered and mailed this ____
3 day of September, 2000, to:

4 Daniel W. Pozefsky
5 Staff Attorney
6 Residential Utility Consumer Office
7 2828 North Central Avenue
8 Suite 1200
9 Phoenix, AZ 85004
10 (602) 285-0350
11 Walter W. Meek, President
12 Arizona Utility Investors Association
13 P. O. Box 34805
14 Phoenix, AZ 85067
15 (602) 254-4300

16 Craig A. Marks
17 Associate General Counsel
18 Citizens Communications Company
19 2901 N. Central, Suite 1660
20 Phoenix, AZ 85012
21 (602) 265-3415

22 By: _____
23
24
25
26

STEPHENSON DIR. EXH. 2

AMERICAN WATER WORKS - SHARED SERVICES CENTER
CITIZENS ACQUISITION
Final Acquisition Journal Entry - Arizona

F:\RATES\Arizona Citizens Rate Case\AZ Czn Entries Fina

1. RECORD UTILITY PLANT PURCHASED (Booked in Jan Based on Nov Info)

JE2301, reclass debt JE231

230105.104000	Utility Plant Purchased/Sold	276,471,277	
230105.201200	Common Stock		110,888,158
230105.221120	Bonds Inside		154,948,119
230105.221100	Bonds Outside		10,635,000

2. RECORD ACQUISITION - NET ASSETS

CZN record net assets

JE#

230105.104000	Utility Plant Purchased/Sold		276,471,277	
230105.134100	Petty Cash	3,371		
230105.146100.001	A/R Other Manual (Notes Rec)	500,000		R
230105.141000	Accounts Receivable	1,723,245		R
230105.141000	Accounts Receivable-unexplained difference		71,151	
230105.144000	Unbilled Revenue	825,523		
230105.143000	Allowance for Doubtful Accounts		47,496 R	
239902.241249.002	Collection for Others (agua fria)	27,730		
239902.241249.001	Collection for Others (agua fria)		27,730	
239903.241249.002	Collection for Others (Sun City)	9,027		
239903.241249.001	Collection for Others (Sun City)		9,027	
239901.241249.002	Collection for Others (Surprise)	382,751		
239901.241249.001	Collection for Others (Surprise)		382,751	
239905.241249.002	Collection for Others (Sabrosa)	4,952		
239905.241249.001	Collection for Others (Sabrosa)		4,952	
230105.146100.001	Misc A/R - Manual	581,849		R
230105.146100.001	Misc A/R - Manual	99,208		
230105.153000	Materials & Supplies-Stk E	30,557		
230105.165500	Prepaid Postage	896		R
230105.165500	Prepayments - Transition services	24,374		
230105.165500	Prepayments CAP Legal Services		2,500	
230105.105110.1 CZN X	Capital Exp. Invoices paid by Citizens	1,057,874		Exb I
238305.146100.001	Sabrosa Water Well Project	9,672		
236206.675000.2135	Sun City Main Repairs	5,654		
236406.675000.2135	Sun City West Main Repairs	195		
230105.101099	Utility Plant	272,822,609		
230105.101099	Utility Plant CBSC Assets	19,974		
230105.105110.1 CZN X	CWIP	6,110,694		
230105.108105	Accumulated Depreciation		55,775,969	
230105.108105	Accumulated Depreciation CBSC Assets		9,253	
230105.183000	Preliminary Survey & Investigation	663,525		R
230105.238010	Customer Deposits		143,867 R	
238905.186898.DD230001 s	Ground Water Withdraw Fee	418		
236205.186898.DD230001 s	Ground Water Withdraw Fee		97,658	
236205.186898	DDA -Other	201,088		
236205.186898	DDA -Other	497,393		
236405.186898.DD230001 s	Ground Water Withdraw Fee		48,222	
236405.186898	DDA -Other		96,961	
236405.186898	DDA -Other	294,013		
236105.186898.DD230001 s	Ground Water Withdraw Fee		28,554	
236105.186898	DDA -Other	22,458		
236105.186898	DDA -Other		44,971	
236105.186898	DDA -Other	2,929,500		
230105.186898	DDN Other (regulatory assets)	1,392,615		R
230105.181110	Unamortized Debt Expense - outside	387,690		

230105.181110	Unamortized Debt Expense - outside	22,990	
230105.241998	Other Current Liability - analyzed		1,972,236.00
230105.236151	Accrued Property Taxes		886,624 sch
230105.252120	Advances for Const		23,364,564 sch
230105.262411	DCN - Advance Payments and Deposits Other		284,879 sch
230105.840000	Interest Exp Other	30,921	
230105.234300	A/P Misc. -Net Cash Payable		2,030,554
230105.114100	UPAA**	71,118,430	
		361,801,197	361,801,197

UPAA DETAIL

Initial UPAA

Initial Cash Payment (line 5)	266,618,443
Less: Net Assets Purchased	195,489,291
Initial UPAA	<u>71,129,152</u>

Difference	10,722
------------	--------

CBSC Assets not on Citizen's AZ Balance sheet but should be according to the schedule	10,722 Part of IL workpapers
---	------------------------------

3. RECORD UTILITY PLANT DETAIL

GARY TO RECORD

230105.101099	Utility Plant (incl CBSC Assets)		272,842,583
230105.101000.xxxxxx		xxx	
230105.101000.xxxxxx		xxx	
230105.101000.xxxxxx		xxx	
230105.101000.xxxxxx		xxx	

4. WRITE-OFF INVENTORY TO EXPENSE (CREDITED EXP WHEN LOADED)

<i>CZN W/O Inventory #4</i>	<i>JE#</i>		
230105.575000.16	Misc Oper Exp AG	30,557	
230105.153000	Material & Supplies		30,557

5. EXPENSE PREPAID POSTAGE

<i>CZN - w/o prepaids#5</i>	<i>JE#</i>		
230105.575000.16	Misc Expense	896	
230105.165500	Prepayments		896

6. EXPENSE PREPAID MOTOR VEHICLE TAXES AND CAP Legal

<i>CZN - w/o prepaids#6</i>	<i>JE#</i>		
230105.575000.16	Misc Exp	21,874	
230105.165500	Prepayments	2,500	
230105.165500	Prepayments		24,374

7. TO WRITE OFF UNBILLED REV.

<i>CZN - w/o unbilled #7</i>	<i>JE#</i>		
236105.401120	Aqua Fria Res	120,069	
236105.401220	Aqua Fria Comm	29,652	
236105.401520	Aqua Fria OPA	24,609	
236205.401120	Sun City Water - Res	211,176	
236205.401220	Sun City Water - Comm	36,464	
236405.401120	Sun City West - Res	107,910	
236405.401220	Sun City West - Comm	22,191	
237105.401120	Mohave - Res	115,155	
237105.401220	Mohave - Comm	32,575	
237105.401520	Mohave - OPA	4,601	
237305.401120	Havasus Res	17,944	
237305.401220	Havasus Comm	5,827	
238305.401120	Distco Res	71,303	

238305.401220	Distco Comm	9,753	
238905.401120	Tubac Res	13,783	
238905.401220	Tubac Comm	2,510	
230105.144000	Unbilled Revenue		825,523

8. CAPITAL INVOICES PAID BY CITIZENS NEED TASK ORDER NUMBERS

NO ENTRY NEEDED

Task Order	Anthem Valve Vaults Task Order 5	15,366	
Task Order	Anthem Water Treatment Plant Ph 3	51,093	
Task Order	Anthem Solids Handling Facility	344,109	
Task Order	Sun City West Reclaim Facility	70,913	
Task Order	Sun Village Well #5	18,900	
Task Order	Sun Village Water Plant Mods	11,129	
Task Order	Sun Village SCADA	2,240	
Task Order	Sun City Grand Water Plant #1.	7,990	
Task Order	Anthem Project Mana Phase 4	76,444	
Task Order	Anthem Water Campus WTP 4MGD	310,975	
Task Order	Anthem Water Campus Tank #2	3,757	
Task Order	AT/AF Interconnect	1,147	
Task Order	Oakmont Dr. Water Replace	1,965	
Task Order	Anthem Remote Vault Float Valve	7,410	
Task Order	Anthem Valve Replacement	5,124	
Task Order	Sun City West Service Replacements	5,916	
Task Order	Sun City Sewer Flo Mtr SCADA RTU	11,266	
Task Order	Water test Agua Fria	88	
Task Order	Water Test Sun City	70	
Task Order	Water Test Anthem	640	
Task Order	Sun City/Sun City West Grdwtr Svgs	3,016	
Task Order	Sun City/Sun City Wst Well Study	25,415	
Task Order	Whitestone Water Reclaim Fac	5,846	
Task Order	Anthem Finished Water Res.#2	47,735	
Task Order	Sun City Grand SCADA	1,560	
Task Order	99th & Olive Flow Meter	1,318	
Task Order	Sun Village Booster Station	3,494	
Task Order	Surprise Main Replace	1,520	
Task Order	Anthem Phase 2	1,851	
	SUB - TOTAL	<u>1,038,299</u>	
Need Task Order	Sun Valley Water Treatment Plant	<u>19,575</u>	Not On D. Baka's sheets
	<i>Was on the PA line of Exhibit I should be AZ</i>		
	TOTAL	<u>1,057,874</u>	

STEPHENSON DIR. EXH. 3

[09101] - Journal Entries

Functions

Tools

Help

Model (M)

Reverse or Void (R/V)

Document Type

Document Number/Co

G/L Date

Remaining

Skip to Line

JE

24545 00023

12/31/01

Explanation

Batch Number

Home BU

Ref 1

RECLASS CITIZENS ORCOM CHARGES

23054064

Account No.	Subl/WO#	T	Amount	Explanation 2
230205.760715			607,722.55	
2302000E.105150.1	23002001	W	607,722.55-	

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F5=Make New Model F6=% JE F15=Model JE's F13=Acct Master F24=More Keys

MW

Citizens Business Services Company (CBSC)
Net Book Value of Assets - Banner System & Non Banner Items
At January 15, 2002

Category	Description	Capitalized Cost	Accumulated Depreciation	Est. Net Book Value	Allocated by State	
					Illinois	Arizona
<u>Furniture & fixtures:</u>						
5	Office furniture	2,497	1,157	1,340	1,340	0
6	Work tables, files & storage cabinets	3,582	1,662	1,920	1,920	0
7	Copier	1,565	728	837	837	0
8	Facsimile machine	2,465	1,141	1,324	1,324	0
9	File server & software - Sun City, Az	19,974	9,253	10,721	0	10,721
9	File server & software - Harvey, LA	99,870	46,263	53,607	53,607	0
9	File server & software - Woodridge, IL	79,895	37,011	42,884	42,884	0
10	PCs and software	53,085	24,595	28,490	28,490	0
11	Misc.	2,465	1,141	1,324	1,324	0
12	PC credit services	7,056	3,271	3,785	3,785	0
	Total Furniture & Fixtures	272,454	126,222	146,232	135,511	10,721
<u>Data Center Implementation:</u>						
13	HAVC System (50%)	58,276	27,000	31,276	31,276	0
14	UPS unit	81,342	37,677	43,665	43,665	0
15	Generator	99,337	46,018	53,319	53,319	0
16	Fire suppression system	44,442	20,589	23,853	23,853	0
17	Raised flooring	10,212	4,726	5,486	5,486	0
18	Equipment racks / workstations	33,989	15,748	18,241	18,241	0
19	Telephone / data wiring	22,144	10,256	11,888	11,888	0
	Total Data Center Implementation	349,742	162,014	187,728	187,728	0
20	Computer hardware HP 9000 & HP-UX	705,391	326,768	378,623	378,623	0
<u>Mailing Center Implementation:</u>						
28	HVAC system (50%)	36,260	16,797	19,463	19,463	0
29	Ceiling tile	1,514	705	809	809	0
30	Carpet padding	404	184	220	220	0
31	Canape	3,082	1,425	1,657	1,657	0
	Total Mailing Center Implementation	41,260	19,111	22,149	22,149	0
32	Automated mailing system	316,328	146,541	169,787	169,787	0
33	Billing printer	202,150	93,647	108,503	108,503	0
34	Postage meter	7,046	3,263	3,783	3,783	0
	Total Allocated Assets	1,894,371	877,566	1,016,805	1,006,084	10,721
<u>Assets Expected to Retain</u>						
	Banner System	2,956,710	1,369,691	1,587,019		
	Other Unallocated Assets	138,601	64,194	74,407		
	Software License cost transferred from LGS 12/00	1,223,780	265,152	958,628		
	Total Retained Assets	4,319,091	1,699,037	2,620,054		
	Total CBSC Assets	6,213,462	2,576,603	3,636,859		

ARIZONA-AMERICAN WATER COMPANY
SPREAD OF ORCOM COSTS

Water / Wastewater	% of 4 Factor		Banner	Arizona	ORCOM
	4 Factor Percentage	Percentage			
Mohave Water	1.791	4.34%	\$113,730	\$113,730	\$70,348
Havasupai Water	0.215	0.52%	\$13,653	\$13,653	\$8,445
Tubac Water	0.143	0.35%	\$9,081	\$9,081	\$5,617
Sun City Water	3.295	7.99%	\$209,236	\$209,236	\$129,424
Sun City Sewer	2.579	6.25%	\$163,769	\$163,769	\$101,300
Sun City West Water/Wstwr	4.011	9.72%	\$254,703	\$254,703	\$157,548
Aqua Fria	1.862	4.51%	\$118,239	\$118,239	\$73,137
California Water	7.450	18.06%	\$473,083		\$0
Home Water	1.862	4.51%	\$118,239		\$0
CU Water of Penn	1.361	3.30%	\$86,425		\$0
Lake Heritage	0.143	0.35%	\$9,081		\$0
Blue Mountain	1.289	3.12%	\$81,853		\$0
Glen Alsace	1.003	2.43%	\$63,692		\$0
CUC Illinois	10.316	25.00%	\$655,077		\$0
Flowing Wells	0.143	0.35%	\$9,081		\$0
Ohio Utilities	2.221	5.38%	\$141,036		\$0
Citizens Water Resources Co. of AZ	0.931	2.26%	\$59,119	\$59,119	\$36,568
Citizens Water Services Co. of AZ	0.645	1.56%	\$40,958	\$40,958	\$25,335
Total Banner Net Assets Retained	41.26	100.00%	\$2,620,054	\$982,488	\$607,722
Total ORCOM Costs					\$607,722

STEPHENSON DIR. EXH. 4

Arizona-American Water Co.
Citizens Acquisition - Phase 3 Costs
As of September 30,2002

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Service Company Charges	165,778	235,692	217,655 \$	619,125
Intergration Services (Consultants)			157,932 \$	157,932
Miscellaneous (<i>data lines, office trailer rental</i>)		1,497	450 \$	1,947
Notices to Customers		375	5,407 \$	5,782
	<u>167,778</u>	<u>239,564</u>	<u>383,445 \$</u>	<u>784,784</u>

Account	DT Document	Date	Explanation	Batch	Subledger	Debit	Credit
21050.760715			Merger Costs Page 3				
	JUE	20608 02/29/00	Reclass 2/00 Service Co. Chrgs	14124		2,011.32	
	JUE	405 01/31/00	Service Company Charges	Batch Date 03/08/00			
	JUE	405 04/30/00	Service Company Charges	Batch Date 04/05/00		27,296.79	
	JUE	405 04/30/00	Service Company Charges	Batch Date 04/05/00		35,842.17	
	JUE	20866 04/30/00	Reclass Mar. 00 Serv Co Chrgs	Batch Date 05/02/00		822.51	
	JUE	405 05/31/00	Service Company Charges	Batch Date 05/02/00		12,907.91	
	JUE	405 06/30/00	Service Company Charges	Batch Date 06/05/00		54,847.50	
	JUE	405 07/31/00	Service Company Charges July 0	Batch Date 07/06/00			
	JUE	405 08/31/00	Service Company Charges	Batch Date 08/03/00		12,287.88	
	JUE	405 09/30/00	Service Company Charges	Batch Date 09/06/00		6,022.32	
	JUE	405 10/31/00	Service Company Charges	Batch Date 10/07/00		5,786.27	
	JUE	405 11/30/00	Service Company Charges	Batch Date 11/06/00		3,944.81	
	JUE	405 12/31/00	Service Company Charges	Batch Date 12/05/00		8,046.96	
	JUE	405 12/31/00	Service Company Charges	Batch Date 01/04/01		169,816.44	
			Ledger Total	Account	Balances		4,038.25-
			Unposted	165,778.19			
			Year-to-Date	165,778.19			
			Cumulative	165,778.19			

09200P Account Ledger Print

Account 23050.760715 Merger Costs Phase 3

DT Document Date Explanation

RENT 16 FT OFFICE TRAILER

Batch Subledger

Batch Date 01/03/02

Debit

Credit

845,758.73

473.06

----- Account Balances -----

Ledger Total

Unposted

Year-to-Date

Cumulative

845,285.57

845,285.57

845,285.57

Date 9/25/02
Page 2
From Date/Per 01/01/01
Thru Date/Per 12/31/01
Ledger Type AA
Sub Ledger/Ty *
Currency Code P
User ID DBAKA
Invoice 2191944-002

09200P

Account Ledger Print

Account 230105.760715 Merger Costs Phase 3

DT Document	Date	Explanation	Batch	Subl/MO#	Debit	Credit
PV 40068645	02/28/02	J L A ADVERTISING (JULIE LOHNE CALIFORNIA AMERICAN WATER CO	619415	Batch Date 03/01/02	2,509.28	
PV 40068654	02/28/02	J L A ADVERTISING (JULIE LOHNE CALIFORNIA AMERICAN WATER CO	619415	Batch Date 03/01/02	2,897.51	
JE 2335	05/31/02	Reclass expenses	1494101	Batch Date 06/10/02	149,699.60	
JE 2335	05/31/02	Reclass expenses	1494101	Batch Date 06/10/02	8,231.91	
JE 2312	09/30/02	Reclass Citizens Phase 3	2169053	Batch Date 09/17/02	217,333.01	

Ledger Total
Unposted
Year-to-Date
Cumulative

----- Account Balances -----
380,671.31
380,671.31
380,671.31

Date - 9/25/02
Page 1
Print Date/Per 01/01/02
Thru Date/Per 12/31/02
Ledger Type AA
Sub Ledger/Ty *
Currency Code
P
User ID SCHAFFCE
Invoice CAWN00602
P
User ID SCHAFFCE
Invoice CAWN00302
P
User ID TUMANEW
P
User ID TUMANEW
P
User ID TUMANEW

09200P

Account Ledger Print

Account 210205.760715

Merger Costs Phase 3

DT Document Date Explanation
JE 66 01/31/02 record aws bill
JE 66 02/28/02 record aws bill

Batch Subl/MO# Debit Credit
478862 321.69
Batch Date 02/05/02
665000
Batch Date 03/05/02

Ledger Total
Unposted
Year-to-Date
Cumulative

----- Account Balances -----
321.69
321.69
321.69

Date 9/25/02
Page 1
From Date/Per 01/01/02
Thru Date/Per 12/31/02
Ledger Type AA
Sub Ledger/ty
Currency Code
P
P
User ID RUSSTOL
P
User ID RUSSTOL

09200P Account Ledger Print

Account 236105.760715 Merger Costs Phase 3

DT Document	Date	Explanation	Batch	Subl/WOH	Debit	Credit
PV 40043671	01/25/02	Arizona Dept of Water Resource CONVEYANCE OF RECOVERY WELLS	379996 Batch Date 01/25/02		150.00	
PV 40043684	01/25/02	Arizona Dept of Water Resource CONVEYANCE OF RECOVERY WELLS	379996 Batch Date 01/25/02		150.00	
PV 40043686	01/25/02	Arizona Dept of Water Resource CONVEYANCE OF RECOVERY WELL	379996 Batch Date 01/25/02		150.00	

450.00

Account	Balances
Ledger Total	450.00
Updated	450.00
Year-to-Date	450.00
Cumulative	450.00

Date - 9/25/02
Page - 1
From Date/Per 01/01/02
Thru Date/Per 12/31/02
Ledger Type: AA
Sub Ledger/Ty *
Currency Code
P
P
User ID DIETZMDP
Invoice DR2447
P
User ID DIETZMDP
Invoice DR2446
P
User ID DIETZMDP
Invoice DR2445

**Arizona / American
Rate Case Expense**

<u>Preparation of Rate Case</u>		<u>Kozoman CPA</u>		<u>Thomas Zep</u>		<u>Fennamore</u>		<u>Total</u>		<u>Kozoman & Bourassa</u>		<u>Fennamore & Craig</u>	
<u>Hourly Rate</u>		<u>Monthly</u>	<u>Charges</u>			<u>Craig</u>	<u>Expenses</u>	<u>Actual</u>	<u>Estimates</u>	<u>Actual & Estimated</u>	<u>Hours</u>	<u>Actual & Estimated</u>	<u>Hours</u>
			(a)			\$ 290.00							
Dec. 2001	(1) These expenses	\$	3,181								23		
Jan-02	(1) are to be		9,544								68		
Feb.	(1) capitalized.		7,635								55		
March	(1) These costs were		8,104								58		
April	(1) incurred to enable		5,768								41		
May	(1) Citizens data to		8,075								58		
June	(1) usable for rate case		19,898								142		
July	Capitalized Costs	\$	121,747								425		
August	Estimated September 2002		81,366						81,366		581		
	Review Rate Filing Schedules and Testimony, Prepare Application		23,800	\$	25,000				130,166		170		
	Reproduction of Direct, Rebuttal & Rejoinder					\$	80,000		210,166				276
	Replies to Data Requests		30,000				10,000		220,166				34
	Review ACC Staff & Intervenor Direct Rate Case Schedules and Testimony						20,000		270,166		200		69
	Prepare Rebuttal Testimony & Schedules		15,000				10,000		270,166		100		34
	Review ACC Staff and Intervenor's Surr.		35,000				30,000		295,166		233		103
	Prepare Rejoinder Testimony & Schedules		12,000				10,000		360,166		80		34
	Pre-Hearing Conference & Miscellaneous Activities		20,000				15,000		382,166		133		52
	Preparation for Hearing						10,000		417,166				34
	Hearing, estimated at six (6) days						10,000		427,166				
	Briefs								438,416				
	Analysis of Proposed Order		80,000		11,250		80,000		613,416		533		276
	Preparation of exceptions		6,000		15,000		15,000		634,416		40		52
	Preparation for and attend Open Meeting						5,000		639,416				17
							10,000		649,416				34
			2,400				5,000		656,816		16		17
			36,511				30,000		723,327		243		103
Totals			\$ 342,077	\$	51,250	\$	330,000	\$	-		2,331		1,034

\$ 715,000

Round Down to

STEPHENSON DIR. EXH. 5

Arizona American - Management Fees Allocations

Line No.			
1	Annual Management Fee	\$	5,153,711
2			
3			
4		4 Factor	
5	<u>Location</u>	<u>Formula</u>	<u>Management Fee</u>
6		<u>Factor</u>	<u>Allocation</u>
7	Mohave Water, Havasu Water	0.1157	\$ 596,284
8	Mohave Sewer	0.0070	36,076
9	Sun City Water	0.1797	926,122
10	Sun City Sewer	0.1014	522,586
11	Sun City West Water	0.1001	515,886
12	Sun City West WasteWater	0.1072	552,478
13	Agua Fria, CWS, CWR Water	0.2300	1,185,353
14	CWS, CWR Sewer	0.0558	287,577
15	Tubac Valley	0.0075	38,653
16			
17			
18	TOTAL CUSTOMER COUNT	0.9044	\$ 4,661,016
19			
20			
21			

Arizona American - Management Fees Allocations

Line No.			
1	Annual Management Fee	\$	5,153,711
2			
3			
4		4 Factor	
5	<u>Location</u>	<u>Formula</u>	<u>Management Fee</u>
6		<u>Factor</u>	<u>Allocation</u>
7	Mohave Water	0.1011	\$ 521,040
8	Havasus Water	0.0146	75,244
9	Mohave Sewer	0.0070	36,076
10	Sun City Water	0.1797	926,122
11	Sun City Sewer	0.1014	522,586
12	Sun City West Water	0.1001	515,886
13	Sun City West WasteWater	0.1072	552,478
14	Agua Fria	0.1384	713,274
15	CWS/CWR Water	0.0916	472,080
16			-
17	CWS/CWR Sewer	0.0558	287,577
18			-
19	Tubac Valley	0.0075	38,653
20			
21			
22	TOTAL CUSTOMER COUNT	0.9044	\$ 4,661,016
23			
24			
25			

Management Fees
per168 Line 13

Arizona
per Dbrka amnt Includes Amort OneTime Costs
Call Ctr
SSC
per168 Line 13 less Amort One Time Costs

	Actual												Forecast		2002	
	January	February	March	April	May	June	July	Ytd	Apr-July	YE Forecast	Annual Est					
	22,441	215,344	396,649	429,178	471,821	396,921	451,837	2,384,191	437,439	4,371,387	5,248,271					
			(5,881)	(1,960)	(4,295)	(6,681)	(6,681)	(21,951)								
			390,768	422,923	465,214	387,425	442,341	2,346,456	429,476	4,493,836	5,163,711					

Customers
AZ Total Water 74,325
AZ Total Sewer 40,188
Total Customers 114,523

Periode STAT Report

Customers	Residential	Commercial	Industrial	Fire	OPA	Resale	Total
Paradise Valley	4,669	239	-	55	6	19	
WhiteStone Water	-	-	-	-	-	-	
Agua Fria - Water	13,566	246	-	44	1	4	
Sun City Water	22,068	713	-	113	123	1	
Sun City WasteWater	21,118	448	-	-	-	-	
Sun City West Water	20,696	337	-	41	-	-	
Sun City West WasteWater	14,925	192	-	-	-	-	
Treatco Water	14,897	5	-	-	40	2	
Treatco WasteWater	1	4	-	-	-	-	
Disco Water	3,307	83	-	16	-	-	
Disco WasteWater	3,593	36	-	-	-	-	
Tusayan	-	-	-	-	-	-	
Surprise Water	23	8	-	-	-	-	
Cave Creek	-	-	-	-	-	-	
Tubac Water	488	62	-	-	-	-	
Mohave Water	426	696	-	98	88	2	
Sorenson WasteWater	12,741	5	-	-	-	-	
Havasai Water	568	5	-	-	-	-	
Havasai WasteWater	1,232	48	-	-	-	-	
Check total	114,523						

Agua Fria (2361) Count
Cave Creek (2388) Count
Corporate (2301) Count
Disco (2383) Count
Disco Waste Water(2384) Count
Havasai (2373) Count
Mohave (2371) Count
Paradise Valley (2302) Count
Sun City (2382) Count
Sun City West (2384) Count
Sun City West Waste (2385) Count
Tubac (2389) Count
Grand Count

400,368
44,485
867,280
177,941
88,971
133,456
711,766
444,853
1,868,395
286,912
400,368
44,485
5,249,270

STEPHENSON DIR. EXH. 6

ARIZONA-AMERICAN WATER COMPANY
FOUR FACTOR ALLOCATION

DISTRICT/CO.	PLANT IN SERVICE	GENERAL METERED CUSTOMERS	SALARIES & WAGES	DIRECT O&M EXPENSES (EXCLUDE PR)	4 Factor Allocation %
SUN CITY SEWER DISTRICT/CO.	12,612,288 5.1853%	21,144 18.4614%	170,492 2.8744%	2,110,347 14.0583%	10.14%
SUN CITY WEST WASTE WATER DISTRICT/CO.	24,836,561 10.2111%	14,889 13.0000%	656,756 11.0727%	1,291,160 8.6012%	10.72%
MOHAVE (SORENSEN) DISTRICT/CO.	1,742,120 0.7162%	565 0.4933%	66,444 1.1202%	71,876 0.4788%	0.70%
DISTCO/TREATCO SEWER DISTRICT/CO.	21,774,316 8.9521%	3,600 3.1433%	341,267 5.7537%	673,393 4.4859%	5.58%
SUN CITY WATER DISTRICT/CO.	28,533,245 11.7309%	22,068 19.2681%	1,248,678 21.0523%	2,973,822 19.8104%	17.97%
SUN CITY WEST WATER DISTRICT/CO.	24,724,945 10.1652%	15,303 13.3614%	494,526 8.3376%	1,226,276 8.1690%	10.01%
TUBAC VALLEY DISTRICT/CO.	1,450,789 0.5965%	488 0.4261%	84,319 1.4216%	85,010 0.5663%	0.75%
MOHAVE WATER DISTRICT/CO.	15,573,103 6.4026%	13,623 11.8946%	907,831 15.3057%	1,024,583 6.8254%	10.11%
HAVASU DISTRICT/CO.	1,447,094 0.5949%	1,232 1.0757%	184,457 3.1099%	157,357 1.0482%	1.46%
AGUA FRIA DISTRICT/CO.	49,451,561 20.3311%	13,589 11.8649%	688,562 11.6089%	1,731,272 11.5330%	13.84%
DISTCO/TREATCO WATER DISTRICT/CO.	39,161,570 16.1005%	3,353 2.9276%	626,309 10.5594%	1,059,889 7.0605%	9.16%
PARADISE VALLEY DISTRICT/CO.	21,923,699 9.0135%	4,677 4.0836%	461,666 7.7835%	2,606,438 17.3630%	9.56%
ARIZONA TOTAL	243,231,291	114,531	5,931,307	15,011,423	100.00%

STEPHENSON DIR. EXH. 7

ARIZONA-AMERICAN WATER COMPANY
2002 General Rate Case Application
Rate Case Expense

Estimated Rate Case Expense for Current Rate Case Application:

Consultants
(see detail) \$608,000

Employee Cost per Day

Hotel	\$	105
Airfare	\$	50
Food	\$	30
Miscellaneous	\$	15
Cost/Day	\$	200

<u>AWWS Co. Employees</u>	<u>Cost/Day</u>	<u>Days</u>	<u># Emps</u>	<u>Total \$\$</u>
Filing	\$ 200	1	1	\$ 200
System Tour	\$ 200	3	3	\$ 1,800
Stipulation Meeting	\$ 200	1	2	\$ 400
Hearings	\$ 200	10	5	\$ 10,000
Commission Conference	\$ 200	2	2	\$ 800
Public Meetings (1)	\$ 200	4	2	\$ 1,600
Public Meetings (2)	\$ 200	4	4	\$ 3,200
Total				\$ 18,000

Mailings, Printings, Supplies & Miscellaneous \$80,000

Total Estimated Rate Case Expense \$706,000

Amortization Period (In Years) 3
Normalized Annual Rate Case Expense \$235,333
Recorded Rate Case Expense Per General Ledger
Rate Case Expense Adjustment \$235,333

**Arizona / American
Rate Case Expense**

<u>Preparation of Rate Case</u>		Kozoman CPA		Bourassa CPA		Fennamore		Thomas Zep		Total		Kozoman & Bourassa		Fennamore & Craig	
<u>Hourly Rate</u>		<u>Charges</u>		<u>Monthly</u>		<u>Craig</u>		<u>Expenses</u>		<u>Expenses & Estimates</u>		<u>Actual & Estimated Hours</u>		<u>Actual & Estimated Hours</u>	
Dec. 2001	(1)	These expenses	\$	(a)		\$ 290.00									
Jan-02	(1)	are to be		3,181											
Feb.	(1)	capitalized.		9,544											
March	(1)	These costs were		7,635											
April	(1)	incurred to enable		8,104											
May	(1)	Citizens data to		5,768											
June	(1)	usable for rate case		8,075											
July	(1)	Capitalized Costs	\$ 121,747	19,898											
August				59,541											
Estimated September 2002				81,366						81,366					
Review Rate Filing Schedules and Testimony, Prepare Application				23,800	\$ 25,000	\$				130,166					
Reproduction of Direct, Rebuttal & Rejoinder							80,000			210,166					276
Replies to Data Requests							10,000			220,166					34
Review ACC Staff & Intervenor Direct Rate Case Schedules and Testimony				30,000			20,000			270,166			200		69
Prepare Rebuttal Testimony & Schedules				15,000			10,000			270,166					
Review ACC Staff and Intervenor's Surr.				35,000			30,000			295,166			100		34
Prepare Rejoinder Testimony & Schedules				12,000			10,000			360,166			233		103
Pre-Hearing Conference & Miscellaneous Activities				20,000			15,000			382,166			80		34
Preparation for Hearing							10,000			417,166			133		52
Hearing, estimated at six (6) days							10,000			427,166					34
Briefs								11,250		438,416					
Analysis of Proposed Order							80,000	15,000		613,416					
Preparation of exceptions							15,000			634,416					
Preparation for and attend Open Meeting							5,000			639,416					
							10,000			649,416					
							5,000			656,816					
							30,000			723,327					
Totals							\$ 342,077	\$ 51,250	\$ 330,000	\$ -			2,331		1,034

Round Down to

\$ 715,000

STEPHENSON DIR. EXH. 8

	Actual										YTD		Forecast			Annual Est.
	January	February	March	April	May	June	July	YTD		Forecast		Monthly Avg				
								Jan-July	Mar-July	Mar-July	YE Forecast					
Arizona																
Directors Fees	-	1,390	-	-	1,250	-	-	1,250	2,500	500	5,000	CC	6,000			
Bank Svc Charges CA	-	-	5,794	1,304	796	3,389	925	925	13,599	2,442	25,807	CC	39,299			
Bill Inserts -CA	-	-	440	-	-	925	-	-	1,364	341	3,070	CC	4,065			
Collection Agencies	-	306	-	-	-	-	235	145	145	73	508	CC	870			
Bank Svc Chg AG	-	-	-	-	-	-	-	-	541	47	776	CC	564			
Forms	-	-	1,295	365	3,524	172	1,758	7,114	1,423	14,228	17,074	CC	OFFICE			
Required Notifications	-	100	8,180	-	78,781	3,193	5,819	96,053	19,191	192,006	230,367	CC	OFFICE			
Bill Inserts AG	-	-	-	-	10,600	-	70	10,670	2,164	21,340	25,693	CC	OFFICE			
Brochures and Handouts	-	-	834	-	-	-	-	-	834	209	1,877	CC	OFFICE			
Community Relations	-	-	1,788	-	699	-	660	3,220	644	6,441	7,730	CC	OFFICE			
Postage CA	-	-	31	199	90,401	18,939	27,910	137,481	27,496	274,961	329,653	CC	OFFICE			
Incentive Plan	1,290	1,290	16,863	20,280	14,196	17,256	25,830	97,004	15,865	191,429	229,600	EE	SAW			
Group Insurance	32,598	30,669	80,198	83,721	24,043	47,051	44,214	322,495	81,845	581,722	622,145	EE	SAW			
PBOP	5,295	3,826	104,922	32,363	26,950	28,133	27,388	227,879	29,458	370,172	341,932	EE	SAW			
Whis Comp	880	484	(186)	3,749	(7,845)	(1,317)	(2,333)	(6,578)	(1,588)	(14,520)	(18,061)	EE	SAW			
Dues/Memberships Deduct	-	697	973	362	170	(170)	170	2,202	501	3,707	6,413	EE	SAW			
Dues/Memberships NonDeduct	-	40	147	53	546	(989)	770	1,167	225	2,294	2,703	EE	SAW			
Employee Exp	175	175	3,716	11,498	32,963	(10,476)	10,313	48,189	9,003	96,203	115,231	EE	SAW			
Employee Exp Conf/Registration	-	-	1,067	770	1,373	2,294	4,744	10,249	2,050	20,497	34,595	EE	SAW			
Meal/Travel	-	239	1,773	4,478	10,618	(3,683)	3,190	16,805	3,313	33,371	39,769	EE	SAW			
Other Welfare	-	-	120	472	799	559	535	2,285	542	4,991	6,496	EE	SAW			
Employee Awards	-	-	270	205	42	-	614	42	21	147	252	EE	SAW			
Employee Physicals	-	-	79	60	-	-	60	60	154	1,362	1,842	EE	SAW			
Tuition	-	-	1,620	2,430	5,906	(3,396)	5,738	12,296	2,460	24,596	29,516	EE	SAW			
Training	-	-	530	170	2,263	(1,846)	9,224	10,341	2,068	20,892	21,819	EE	SAW			
401K	-	-	-	-	-	-	-	-	-	-	-	EE	SAW			
ESOP	297	5,732	8,874	5,876	5,217	5,377	37,070	6,208	6,208	68,112	71,541	EE	SAW			
Trustee Fees	2,046	7,491	7,522	10,724	6,834	6,703	6,450	47,769	7,847	88,002	91,753	EE	SAW			
Credit Line Fees	101	1,600	1,243	1,243	1,610	1,233	6,528	8,528	6,696	14,222	17,058	PFP	MISC			
General Liab Insurance, Property	2,509	103	1,084	369	215	1,168	3,663	696	3,663	7,161	8,347	PFP	INS			
Security Svc	2,509	3,169	2,509	2,674	5,608	2,674	3,445	22,241	3,445	35,464	41,335	RB	INS			
Insurance Other, Gen. Liability	15,516	44,104	52,184	32,047	44,029	44,029	4	4	593	5,337	5,337	RB	OFFICE			
Co Dues/Memberships Deduct	1,911	2,311	19,111	14,511	23,509	20,036	14,411	69,597	16,117	109,161	217,401	RB	OFFICE			
Co Dues/Memberships AWWA Deduct	190	-	2,500	2,020	-	(1,990)	6,931	13,672	1,348	13,672	13,178	RB	OFFICE			
Co Dues/Memberships AWWA NonDeduct	-	495	8,501	340	2,700	156	294	3,009	3,009	27,081	35,108	RB	OFFICE			
Charitable Contributions Deduct	-	30	108	30	108	54	649	74	74	662	842	RB	OFFICE			
Charitable Contributions NonDeduct	-	443	152	-	-	54	649	162	162	1,460	1,947	RB	OFFICE			
Property Taxes	-	100	450	533	533	875	292	2,333	2,333	3,500	3,500	RB	OFFICE			
	-	100	100	100	100	100	200	200	200	67	533	RB	OFFICE			
	-	100	100	100	100	100	200	200	200	67	533	RB	OFFICE			
	-	100	100	100	100	100	200	200	200	67	533	RB	OFFICE			
	-	100	100	100	100	100	200	200	200	67	533	RB	OFFICE			
	-	100	100	100	100	100	200	200	200	67	533	RB	OFFICE			
	-	100	100	100	100	100	200	200	200	67	533	RB	OFFICE			
	-	100	100	100	100	100	200	200	200	67	533	RB	OFFICE			
	-	100	100	100	100	100	200	200	200	67	533	RB	OFFICE			
	-	100	100	100	100	100	200	200	200	67	533	RB	OFFICE			
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	-	100	100	100	100	100	200	200	200	67	533	RB	OFFICE			
	-															

STEPHENSON DIR. EXH. 9

Acquisition Adjustment Analysis

CITIZENS

BOY Balance	BOY	Amortization	EOY	Tax Dep	Def/Tax	Acc Def Tax	AVERAGE	Revenue Requirement	Total Revenue Requirement
0	71,631,081								
1	71,631,081	\$141,500	71489581	4775405	1807223	1807223	7066000	755000	\$7,595,000
2	71489581	\$156,400	71333181	4775405	1801412	3608535	6870000	7364000	\$7,364,000
3	71333181	\$172,800	71160381	4775405	1795016	5403651	6674000	7175000	\$7,175,000
4	71160381	\$190,900	70989481	4775405	1787957	7191608	6477000	6985000	\$6,985,000
5	70989481	\$211,000	70788481	4775405	1780118	8971726	6278000	6798000	\$6,798,000
6	70788481	\$233,100	70525381	4775405	1771499	10743225	6078000	6610000	\$6,610,000
7	70525381	\$257,600	70267781	4775405	1761944	12505169	5877000	6423000	\$6,423,000
8	70267781	\$284,600	69983181	4775405	1751414	14256583	5674000	6237000	\$6,237,000
9	69983181	\$314,400	69668781	4775405	1739792	15996375	5470000	6053000	\$6,053,000
10	69668781	\$347,400	69321381	4775405	1726922	17723297	5265000	5870000	\$5,870,000
11	69321381	\$383,900	68937481	4775405	1712687	19435984	5054000	5687000	\$5,687,000
12	68937481	\$424,100	68513381	4775405	1697009	21132993	4844000	5506000	\$5,506,000
13	68513381	\$468,600	68047781	4775405	1679654	22812647	4631000	5327000	\$5,327,000
14	68047781	\$517,800	67526981	4775405	1660466	24473113	4414000	5149000	\$5,149,000
15	67526981	\$572,100	66954881	4775405	1639289	26112402	4195000	4973000	\$4,973,000
16	66954881	\$632,200	66322681	0	-246558	23665844	4050000	4897000	\$4,897,000
17	66322681	\$698,500	65624181	0	-272415	25593429	4024000	4920000	\$4,920,000
18	65624181	\$771,800	64852381	0	-301002	25292427	3980000	4947000	\$4,947,000
19	64852381	\$852,700	63999681	0	-332553	24959874	3930000	4976000	\$4,976,000
20	63999681	\$942,200	63057481	0	-367458	24592416	3875000	5008000	\$5,008,000
21	63057481	\$1,041,000	62016481	0	-405990	24186426	3815000	5043000	\$5,043,000
22	62016481	\$1,150,300	60866181	0	-448617	23737809	3740000	5082000	\$5,082,000
23	60866181	\$1,270,900	59595281	0	-495651	23242158	3674000	5125000	\$5,125,000
24	59595281	\$1,404,300	58190981	0	-547677	22694481	3592000	5173000	\$5,173,000
25	58190981	\$1,551,500	56639381	0	-605124	22089357	3526000	5226000	\$5,226,000
26	56639381	\$1,714,400	54924981	0	-668616	21420741	3403000	5285000	\$5,285,000
27	54924981	\$1,894,300	53030681	0	-738777	20681964	3293000	5349000	\$5,349,000
28	53030681	\$2,093,000	50937681	0	-816270	19865694	3171000	5420000	\$5,420,000
29	50937681	\$2,312,600	48825081	0	-901914	18963780	3037000	5499000	\$5,499,000
30	48825081	\$2,555,200	46069881	0	-966528	17967252	2888000	5585000	\$5,585,000
31	46069881	\$2,823,300	43246581	0	-1101087	16866165	2724000	5681000	\$5,681,000
32	43246581	\$3,119,500	40127081	0	-1216605	15649560	2543000	5787000	\$5,787,000
33	40127081	\$3,446,800	36860281	0	-1344252	14305308	2343000	5905000	\$5,905,000
34	36860281	\$3,808,400	32871881	0	-1485276	12820032	2121000	6034000	\$6,034,000
35	32871881	\$4,207,900	28663981	0	-1641081	11178951	1877000	6177000	\$6,177,000
36	28663981	\$4,648,400	24014581	0	-1813266	9366565	1607000	6335000	\$6,335,000
37	24014581	\$5,137,200	18877381	0	-2003508	7362177	1308000	6509000	\$6,509,000
38	18877381	\$5,676,100	13201281	0	-2213679	5148498	978000	6702000	\$6,702,000
39	13201281	\$6,271,700	6929581	0	-2445963	2702535	614000	6916000	\$6,916,000
40	6929581	\$6,929,600	-19	0	-2702544	-9	2110000	7151000	\$7,151,000
		71631100	2164820740	71631075			1551900000	234445000	\$234,445,000

Cost of Debt	4.9200%	Tax Life	15	Premium Defined	276471277
Cost of Equity	11.5000%	Tax Rate	39.00%	Allocated Purchase Price	205246727
Debt Percent	60.0000%			Total Value of Assets	71224550
Equity Percent	40.0000%			Gross Premium	500000
Weighted Cost of Debt	2.9520%			Capitalized Expenses	906531
Weighted Cost of Equity	4.6000%			Corporate Costs	71631081
Tax Gross Up	1.639			Net Premium	
TOTAL REVENUE GROSS UP	10.4914%				

STEPHENSON DIR. EXH. 10

**Estimated Net Asset Adjustment
Arizona Water Property Detail
As of 11/01**

1/14/02.
11:14 AM

KUTA

1 FENNEMORE CRAIG
Norman D. James
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3 Suite 2600
Phoenix, Arizona 85012
4 Attorneys for Arizona-American
Water Company
5
6

7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8 IN THE MATTER OF THE
APPLICATION OF ARIZONA-
9 AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
10 DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS
11 UTILITY PLANT AND PROPERTY
AND FOR INCREASES IN ITS RATES
12 AND CHARGES BASED THEREON
FOR UTILITY SERVICE BY ITS SUN
13 CITY WEST WATER AND
WASTEWATER DISTRICTS.
14

DOCKET NO. W-01303A-02-_____
SW-01303A-02-_____

15
16 **DIRECT TESTIMONY**
17 **OF**
18 **ROBERT J. KUTA**
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II. OVERVIEW OF SUN CITY WEST WATER DISTRICT AND THE SUN CITY WEST WASTEWATER DISTRICT.....	2
III. POST-ACQUISITION CHANGES BY ARIZONA-AMERICAN.....	5

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Robert J. Kuta, and my business address is 19820 N. 7th Street, Suite
4 201, Phoenix, Arizona, 85024.

5 **Q. BY WHOM ARE YOU EMPLOYED?**

6 A. By Arizona-American Water Company ("Arizona-American" or "Company"). I
7 am the Manager. Previously, I held the position of Director with Citizens Water
8 Resources before Arizona-American acquired all of the water and wastewater
9 assets of Citizens Communications Company ("Citizens") earlier this year. I
10 started with Citizens in 1998.

11 **Q. WHAT ARE YOUR RESPONSIBILITIES AS MANAGER OF ARIZONA-
12 AMERICAN?**

13 A. I am responsible for managing all aspects of Arizona-American's day to day water
14 and wastewater operations including administration, production, field services,
15 customer service and water quality business units serving approximately 115,000
16 customers in Mohave, Maricopa and Santa Cruz Counties.

17 **Q WHAT WERE YOUR RESPONSIBILITIES AS DIRECTOR WITH
18 CITIZENS?**

19 A. I was responsible for development of strategic planning and long-range goals,
20 performed tactical functions including budget preparation, resource allocation and
21 development, implementation and review of key operational activities for
22 nationwide operations serving a population of 700,000. I also provided oversight
23 and direction to internal and retained legal services in connection with the
24 resolution of material litigation matters. I was also responsible for coordination of
25 closing efforts for Arizona operations during acquisition by Arizona-American.
26

1 Q. WHAT WAS YOUR WORK HISTORY BEFORE JOINING CITIZENS
2 AND THEN ARIZONA-AMERICAN?

3 A. I served as a Water Operations Manager for Chaparral City Water
4 Company/Spring Creek Utilities Company, and was an engineer with Litchfield
5 Park Service Company. I also worked as a hydrogeologist with various
6 companies, and was a hydrologist with the Arizona Department of Environmental
7 Quality.

8 Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND.

9 A. I graduated from Central Michigan University in 1986 with a Bachelor of Science
10 Degree – Limnology Concentration. I also hold a Master of Business
11 Administration from the University of Phoenix, and hold a Certified Operator
12 licenses from the State of Arizona in Distribution, Collection and Water and
13 Wastewater Treatment. Finally, I have nearly completed Graduate Studies for a
14 Hydrology/Civil Engineering Degree at Arizona State University.

15 II. OVERVIEW OF SUN CITY WEST WATER DISTRICT AND THE SUN
16 CITY WEST WASTEWATER DISTRICT

17 Q. IN YOUR CAPACITY AS MANAGER, IS IT FAIR TO SAY YOU ARE
18 FAMILIAR WITH ALL OF ARIZONA-AMERICAN'S WATER AND
19 WASTEWATER OPERATIONS IN ARIZONA?

20 A. Yes, and this goes to the principal purpose of my testimony in connection with the
21 Company's rate filing. In each of the five applications, I will provide a brief
22 overview of the applicable water and wastewater districts,¹ including location,
23 customer base, operations and other significant features. I will also provide
24 testimony about current staffing levels, Arizona-American's new offices; and

25 ¹ As explained in the Direct Testimony of David P. Stephenson, the terms "district" and
26 "system" are used in their general sense to denote tariffed areas. For purposes of the
Company's rate filing they are essentially synonymous.

1 relevant water supply and wastewater treatment issues. In this application, I will
2 address the rate application for the Sun City West water and wastewater districts.

3 **Q. WERE THE SUN CITY WEST DISTRICTS PART OF THE CITIZENS'**
4 **ACQUISITION?**

5 **A.** Yes, along with several other water and wastewater systems located in growth
6 corridors, primarily in high growth Maricopa and Mohave Counties. Overall, the
7 assets Arizona-American acquired from Citizens provide water (potable, non-
8 potable, and reclaimed), wastewater (sewer collection, treatment and recharge),
9 and water and wastewater operation and maintenance services.

10 As explained in the Direct Testimony of David P. Stephenson, the Company
11 is filing five applications seeking rate increases for several of the systems Arizona-
12 American recently acquired from Citizens. Specifically, the systems covered by
13 these five applications include the Sun City water and wastewater districts
14 (Application No. 1); Sun City West water and wastewater districts (Application
15 No. 2); the Mohave water district and the Havasu water district (Application No.
16 3); Agua Fria water district, Anthem water district and the Anthem/Agua Fria
17 wastewater district (Application No. 4); and the Tubac water district (Application
18 No. 5). For convenience, I will sometimes refer to the five applications
19 collectively as the Company's rate filing.

20 **Q. WOULD YOU PLEASE PROVIDE AN OVERVIEW OF THE SUN CITY**
21 **WEST WATER AND WASTEWATER DISTRICTS.**

22 **A.** Yes. The Sun City West water district is located in the northwestern portion of the
23 Phoenix metropolitan area, and west of Sun City, in Maricopa County, Arizona,
24 and generally serves the Sun City West development. This area is within the
25 Phoenix Active Management Area. At the present time, this system has over
26 15,000 customers.

1 Q. WHEN WAS SERVICE FIRST PROVIDED IN THE SUN CITY WEST
2 WATER DISTRICT?

3 A. The system was originally granted a certificate of public convenience and
4 necessity in 1978 in connection with the development of Sun City West by the Del
5 Webb Corporation. The certificated area is substantially built-out, with only minor
6 in-fill growth occurring.

7 Q. WHEN WERE THE PRESENT RATES FOR THE SUN CITY WEST
8 WATER DISTRICT ESTABLISHED?

9 A. In the last rate proceeding for this system, the Commission authorized a decrease
10 in revenues of 6.8 percent. Decision No. 60172 (May 7, 1997). In that
11 proceeding, the test year was the 12-month period ending March 31, 1995.
12 Previously, in Decision No. 55488 (March 19, 1987), the Sun City West water and
13 wastewater districts received a combined decrease in revenues of 23.4 percent. It
14 does not appear that this water system has ever received a rate increase since the
15 initial order granting the certificate.

16 Q. PLEASE DESCRIBE THE WATER RESOURCES ASSOCIATED WITH
17 THE SUN CITY WEST WATER DISTRICT?

18 A. The Sun City West area is located in the Phoenix Active Management Area. At
19 present, the primary source of supply for Sun City West water customers is
20 groundwater withdrawn from wells within the CC&N and recovered Central
21 Arizona Project ("CAP") water. Arizona-American acquired, as part of the
22 Citizens' acquisition, contracts for the delivery of CAP water formerly held by
23 Citizens and its subsidiaries. At present, Arizona-American takes delivery of and
24 uses the full 2,372 acre-feet of CAP water allotted to Sun City West each year.
25 The CAP water is delivered to the Maricopa Water District ("MWD")
26 Groundwater Savings Facility and legally recovered from Arizona-American's

1 wells in Sun City West.

2 Proceedings have been taking place before the Commission relating to the
3 manner in which CAP water would be used in Sun City and Sun City West.
4 Arizona-American has requested approval to implement a groundwater savings
5 project to allow direct use of CAP water in the Sun Cities. Under this plan, which
6 was developed by customer groups in Sun City and Sun City West, a pipeline
7 would be constructed to deliver untreated CAP water to local golf courses and a
8 corresponding quantity of groundwater pumping would be discontinued.

9 **Q. DOES THE SUN CITY WEST WASTEWATER DISTRICT SERVE THE**
10 **SAME CUSTOMERS AS THE SUN CITY WEST WATER DISTRICT?**

11 **A.** Generally, these two districts serve the same geographic area and have
12 approximately the same number of customers. In fact, the original certificate of
13 public convenience and necessity for the Sun City wastewater district was granted
14 in 1978, in conjunction with the water system's certificate.

15 **Q. WHEN WERE THE PRESENT RATES FOR THE SUN CITY WEST**
16 **WASTEWATER DISTRICT ESTABLISHED?**

17 **A.** The most recent rate decision for the Sun City West wastewater district was
18 Decision No. 60172 (May 7, 1997). At that time, the system was granted an
19 increase in revenues of 35.3 percent, based on a test year ended March 31, 1995.
20 In its prior rate case, the Commission ordered a combined decrease in revenues for
21 both the Sun City West water and wastewater districts of 23.4 percent. Decision
22 No. 55488 (March 19, 1987).

23 **III. POST-ACQUISITION CHANGES BY ARIZONA-AMERICAN**

24 **Q. HAVE THERE BEEN OPERATIONAL, ADMINISTRATIVE OR OTHER**
25 **CHANGES SINCE ARIZONA-AMERICAN COMPLETED THE**
26 **ACQUISITION OF THE CITIZENS' ASSETS?**

1 A. Since January 2002, when the acquisition was completed, Arizona-American has
2 made a number of operational and administrative changes, including, most notably,
3 consolidation and relocation of offices in Maricopa and Mohave counties and
4 changes in staffing levels.

5 **Q. WOULD YOU PLEASE DESCRIBE THE CHANGES IN OFFICE**
6 **LOCATIONS FOR ARIZONA-AMERICAN STAFF THAT HAVE BEEN**
7 **IMPLEMENTED?**

8 A. Certainly. The Company recently purchased and remodeled a building to house its
9 Mohave County Operations staff and leased a portion of a building to house its
10 Corporate Management, Water Quality, Engineering and Arizona based American
11 Water Works Service Company personnel located in Maricopa County. The vast
12 majority of Arizona-American's management, administrative and operations staff
13 are located in the Maricopa County and Mohave County office locations.

14 **Q. WHAT NECESSITATED THE OFFICE CHANGES IN MARICOPA**
15 **COUNTY?**

16 A. Two factors required Arizona-American to lease space in Maricopa County. First,
17 Arizona-American's five-year lease in the City of Surprise City Hall Complex
18 currently occupied by its Engineering staff has expired. The City needs space for
19 its own growing staff and will not renew the lease. Second, the Company owned
20 building in Sun City is overcrowded, cannot be expanded and cannot
21 accommodate planned growth in staffing.

22 **Q. WHAT WILL HAPPEN TO THE SUN CITY BUILDING?**

23 A. The Sun City building will continue to house the Operations staff serving western
24 Maricopa County, including Sun City West. Additionally, Customer Service
25 personnel will continue to be housed at this location and it will continue to be used
26 as a customer service and bill payment location for our customers.

1 Q. HOW HAVE THE COSTS ASSOCIATED WITH THESE OFFICES BEEN
2 TREATED IN THIS CASE?

3 A. As more fully explained in the Direct Testimony of Thomas J. Bourassa, the
4 capital costs have been included as an adjustment to test year plant in service.
5 Likewise the rent for the leased space has been included as an adjustment to test
6 year expenses.

7 Q. YOU ALSO MENTIONED CHANGES IN STAFFING. PLEASE
8 DESCRIBE THOSE CHANGES.

9 A. At the outset, it must be recognized that the current Arizona-American workforce
10 truly represents a new organization, not simply a combination of the former
11 Arizona-American and former Citizens' workforces. Arizona-American's current
12 staff consists of 131.5 authorized associates for year-end 2002. In aggregate, this
13 is an increase of 10 full-time positions over the three-year period since Arizona-
14 American agreed to purchase the Citizens assets in October of 1999.

15 Q. WHY WERE THESE INCREASES IN AUTHORIZED POSITIONS
16 NECESSARY DURING THE INTERVENING THREE YEARS?

17 A. There were a number of reasons for these increases in staffing but the primary
18 reasons are customer growth and regulatory needs.

19 Q. HOW HAVE GROWTH AND REGULATORY NEEDS WARRANTED AN
20 INCREASE IN STAFFING?

21 A. Since 1999, the total number of customers served by the districts acquired by
22 Arizona-American has increased by over 16,000 units or approximately 13%. As
23 for regulatory needs, environmental regulations related to water and wastewater
24 utility service continue to become more stringent as is evidenced by the recently
25 adopted arsenic standards. Staffing levels in our Water Quality and Water
26 Resource support groups must respond to these increased regulatory demands.

1 Q. CAN YOU IDENTIFY ANY OTHER FACTORS THAT HAVE AFFECTED
2 STAFFING?

3 A. Yes. To begin with, the assets acquired from Citizens were being operated with
4 insufficient staffing. I guess this should not be surprising. Citizens was not
5 earning its authorized rate of return and had made the decision some time ago to
6 sell all of its water and wastewater assets in Arizona. Hiring new personnel was
7 not a top priority. Moreover, in 1999 Citizens operated its Mohave County and
8 Maricopa County operations as completely separate entities and, of course,
9 Arizona-American's Paradise Valley operation was operated as a standalone entity.
10 Substantial reorganization was required to merge these three separate operations
11 into a single combined operation.

12 Q. HOW HAVE THESE TWO FACTORS IMPACTED REQUIRED
13 STAFFING LEVELS?

14 A. Citizens' understaffing of operations has caused the Company to increase the
15 number of associates required to serve our customers. We expect that trend to
16 continue for several years as Arizona-American continues its efforts to adequately
17 staff its operations. Combining the three formally separate operations into one has
18 had the opposite effect. Fortunately, the gained efficiency of the combined
19 operation has significantly offset hiring needs designed to reverse the impacts of
20 Citizens' historic understaffing.

21 Q. HOW WERE THESE THREE OPERATIONS CENTERS COMBINED
22 INTO A SINGLE OPERATING ENTITY?

23 A. The reorganization was a two-step process. First, prior to completing the Citizens'
24 Acquisition, Arizona-American evaluated the organizations and eliminated several
25 positions that would be unnecessary in a combined operation. Additionally, during
26 this period, new positions were authorized as needed to meet growth and

1 regulatory demands as well as customer needs. Finally, since the closing in
2 January 2002, we have continued to reorganize the workforce to maximize the
3 effectiveness and efficiency of the combined organization.

4 **Q. HOW EXTENSIVE WERE THESE POSITION ELIMINATIONS AND**
5 **OTHER REORGANIZATIONS?**

6 A. They were very extensive. In the two plus years before the acquisition was
7 completed, 15 full-time positions were targeted for elimination on or prior to the
8 close, 23 full-time and 1 part-time positions were authorized, and one part-time
9 associate was moved to full-time. This represents a net increase of 9 positions.
10 Since the closing, 6 additional full-time positions have been eliminated and 7 full-
11 time positions have been added for a net increase of 1 position. Thus, the net
12 increase over the total three-year period has been 10 positions.

13 **Q. DOES THE COMPANY'S RATE FILING TAKE INTO ACCOUNT THESE**
14 **STAFFING CHANGES AND OPERATIONAL REORGANIZATIONS?**

15 A. Yes. Appropriate adjustments for known and measurable changes to associate
16 salaries and related expenses have been made as more fully explained in the Direct
17 Testimony of Thomas J. Bourassa.

18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

19 A. Yes it does.

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AKINE

1 FENNEMORE CRAIG
Norman D. James
2 Jay L. Shapiro
3003 N. Central Ave.
3 Suite 2600
Phoenix, Arizona 85012
4 Attorneys for Arizona-American
Water Company
5
6

7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8 IN THE MATTER OF THE
APPLICATION OF ARIZONA-
9 AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
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CURRENT FAIR VALUE OF ITS
11 UTILITY PLANT AND PROPERTY
AND FOR INCREASES IN ITS
12 RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE
13 BY ITS SUN CITY WEST WATER
AND WASTEWATER DISTRICTS.
14

DOCKET NO. W-01303A-02-_____
SW-01303A-02-_____

15
16 **DIRECT TESTIMONY**

17 **OF**

18 **BLAINE AKINE**
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III. DESCRIPTION OF COMPANY-FUNDED PLANT ADDITIONS FOR PROPOSED INCLUSIONS IN AND ADJUSTMENT TO RATE BASE	3

1 I. **INTRODUCTION**

2 Q. **PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Blaine Akine. My business address is 12425 W. Bell Road, Surprise,
4 Arizona, 85374.

5 Q. **BY WHOM ARE YOU EMPLOYED?**

6 A. I am employed by Arizona-American Water Company ("Arizona-American" or
7 "Company").

8 Q. **PLEASE DESCRIBE YOUR CURRENT POSITION WITH ARIZONA-
9 AMERICAN.**

10 A. I serve as the Engineering Director for the State of Arizona. My current duties and
11 responsibilities include the oversight and management of all engineering design,
12 construction and developer activities for the Company's Arizona Operations.

13 Q. **WHAT WAS YOUR WORK HISTORY BEFORE JOINING ARIZONA-
14 AMERICAN?**

15 A. Prior to my employment with Arizona-American, I was employed by Citizens
16 Water Resources Division ("Citizens"). I have over 16 years of experience in the
17 engineering and utility business.

18 Q. **PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

19 A. I received a Bachelor of Science degree in Civil Engineering from the University
20 of Hawaii in 1984, and a Masters of Business Administration degree from Arizona
21 State University in 1992.

22 Q. **HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY
23 BODIES?**

24 A. Yes. I testified before the Arizona Corporation Commission ("Commission") on a
25 Citizens' request to expand its Certificate of Convenience and Necessity
26 ("CC&N") for one of its system located in Maricopa, Arizona.

1 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THOS
2 PROCEEDING?

3 A. The purpose of my testimony is to provide a summary of certain plant additions
4 and other capital improvements that have or will be completed for the water and
5 wastewater districts in Sun City West during calendar year 2002. The Company
6 proposes to include these post test-year plant additions in its rate base for
7 ratemaking purposes in this proceeding. A description of the two types of plant
8 additions (general maintenance and specific projects), is provided in Akine Dir.
9 Exh. 1, attached hereto. In that Exhibit, I provide a general description of
10 "blanket" type plant additions or capital improvements that were needed to upgrade
11 or replace aging infrastructure, increase security and/or improve general water or
12 wastewater operations in the service territory. I also provide a short description of
13 each specific project and the basis for the total expenditure.

14 **II. DESCRIPTION OF COMPANY-FUNDED CONSTRUCTION AND**
15 **BUDGETING PROCESS**

16 Q. WHAT PROCEDURE DOES THE COMPANY UTILIZE TO IDENTIFY A
17 COMPANY-FUNDED CONSTRUCTION PROJECT?

18 A. The Company goes through a yearly budgeting process where all proposed
19 construction projects are identified. The Company then extensively evaluates these
20 projects prior to ultimately selecting the capital Company-funded capital projects to
21 include in the capital plan.

22 Q. WHO DETERMINES HOW MUCH MONEY WILL BE SPENT ON
23 COMPANY-FUNDED PROJECTS?

24 A. The budgeting process for capital projects requires that detailed estimates be
25 developed for each approved project. The project dollars are then reviewed and
26 approved by management prior to inclusion in the capital plan.

1 **III. DESCRIPTION OF COMPANY-FUNDED PLANT ADDITIONS FOR**
2 **PROPOSED INCLUSIONS IN AND ADJUSTMENT TO RATE BASE**

3 **Q. WOULD YOU PLEASE SUMMARIZE THE COMPANY-FUNDED PLANT**
4 **ADDITIONS FOR THE DISTRICTS THAT ARE THE SUBJECT OF THIS**
5 **APPLICATION?**

6 A. The Company-funded plant additions for the Sun City West water and wastewater
7 districts that are the subject of this application are all revenue neutral projects that
8 will be completed by the end of calendar year 2002. These capital plant additions
9 will be utilized to serve existing customers within the Sun City West districts.
10 Capital projects that support new customer growth have not been included in the
11 Company's rate filing. The majority of these revenue neutral plant additions are
12 for repair and replacement of existing plant facilities. Again, a more detailed
13 explanation of these system improvements is provided in Akine Dir. Exh. 1,
14 attached hereto.

15 **Q. WHAT AMOUNT OF COMPANY-FUNDED POST TEST YEAR**
16 **CONSTRUCTION DOES ARIZONA-AMERICAN PROPOSE TO**
17 **INCLUDE IN RATE BASE.**

18 A. The total adjustment to rate base is \$213,100 for Sun City West wastewater district
19 and \$610,000 for Sun City West water district, as shown on Akine Dir. Exh. 1, as
20 well as the Company's Schedule B-2. These projects, which were constructed
21 during 2002, will be or have been completed and in service by no later than
22 December 31, 2002.

23 **Q. AND ALL THESE PLANT IMPROVEMENTS ARE REVENUE NEUTRAL?**

24 A. Yes. As mentioned above, these improvements are being made to serve existing
25 customers, and not new customers that were added after the end of the test year.
26 Capital projects that support new customer growth have not been included in this

1 application.

2 Q. WHY IS ARIZONA-AMERICAN PROPOSING A CUT-OFF DATE OF
3 DECEMBER 31, 2002 FOR POST TEST-YEAR PLANT ADDITIONS?

4 A. December 31, 2002, is a reasonable cut-off date based on the timing of the
5 application and the date on which these plant additions will become operable and
6 used to provide service to customers. The Commission's Utilities Division
7 ("Staff") will have ample time to inspect the plant and to verify that the plant is
8 "used and useful," and to audit the Company's construction costs before Staff's
9 direct filing will be due.

10 In addition, this cut-off date was selected in order to comply with the
11 guidelines for post test-year plant additions established in Arizona-American's
12 prior rate case. In Decision No. 61831 (July 20, 1999), the Commission ordered
13 the Company to "limit its adjustments to add post-test year plant to include only
14 plant that is used and useful and in service within 90 days of the date that the rate
15 application is deemed sufficient" in future rate cases. Decision No. 61831 at 3-4.
16 The December 31, 2002, cut-off date is well within the deadline for post test-year
17 plant additions set by the Commission.

18 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

19 A. Yes it does.
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AKINE DIR. EXH. 1

AKINE DIR. EXH. 1

[ARIZONA-AMERICAN 2002 REVENUE NEUTRAL PROJECTS]

SUN CITY WEST WASTEWATER

- A. Repair and replacement of existing facilities. These projects include such tasks as line replacement projects, and general plant repair and replacement. These are all "blanket" projects completed by the Operations Department as necessitated by the failure of equipment and other items of plant during the course of the year. Total cost - \$63,900.
- B. Arizona Administrative Office. This project consists of a tenant improvement and furnishing of a leased space to house management, water quality, engineering, development services and service company personnel. The project was necessitated by overcrowding in the Sun City office (which cannot be expanded due to zoning restrictions) and by the expiration of the lease for the Surprise office that houses our engineering and development services staff. Total allocation to District - \$149,200.

Total for Sun City West Sewer District - \$213,100

SUN CITY WEST WATER

- A. Repair and replacement of existing facilities. These projects include such tasks as line replacement projects, and general plant repair and replacement. These are all "blanket" projects completed by the Operations Department as necessitated by the failure of equipment and other items of plant during the course of the year. Total cost - \$180,000.
- B. Well study/well repair project. Due to the age of the well field system this study with improvements was required to study the existing system and implements required repairs to keep the overall system operational. Total approximate cost of \$157,400.
- C. A new vehicle was added to the current fleet for use by existing staff. Total cost - \$17,600.
- D. Arizona Administrative Office. This project consists of a tenant improvement and furnishing of a leased space to house management, water quality, engineering, development services and service company personnel. The project was necessitated by overcrowding in the Sun City office (which cannot be expanded

due to zoning restrictions) and by the expiration of the lease for the Surprise office that houses our engineering and development services staff. Total allocation to District – \$156,000.

- E. Security Improvements: This project consists of modifications to ground water storage tanks that will make the tanks less accessible and less vulnerable to deliberate attempts to contaminate water supplies in accordance with higher company security standards adopted in response to the September 11, 2001 terrorist attack. Total Cost - \$99,000.

Total for Sun City West Water District - \$610,000

TURNER

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7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8 IN THE MATTER OF THE
APPLICATION OF ARIZONA-
9 AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
10 DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS
11 UTILITY PLANT AND PROPERTY
AND FOR INCREASES IN ITS
12 RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE
13 BY ITS SUN CITY WEST WATER
AND SUN CITY WEST
14 WASTEWATER DISTRICTS.

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SW-01303A-02-_____

15
16 **DIRECT TESTIMONY**

17 **OF**

18 **B. KENT TURNER, CPA**
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1

2 I. **INTRODUCTION**

3 Q. **PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

4 A. My name is B. Kent Turner. My business address is 303 H Street, Chula Vista, CA
5 91910.

6 Q. **BRIEFLY DESCRIBE YOUR POSITIONS WITH THE AMERICAN
7 WATER SYSTEM.**

8 A. I am Vice President-Finance and Chief Financial Officer of the Western Region of
9 American Water Works Service Company ("Service Company"). I am also Vice
10 President and Treasurer of Arizona-American Water Company ("Arizona-
11 American" or "Company"). I have been with the American Water System for three
12 years. Prior to assuming my present positions, I was Comptroller of the Western
13 Region. The Western Region consists of water and wastewater utilities located in
14 California, Arizona, Hawaii, New Mexico, and Texas, including Arizona-
15 American.

16 Q. **PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

17 A. I graduated from Lincoln University of Missouri, Jefferson City, Missouri in 1975
18 with a Bachelor of Science Degree in Accounting. In addition, I hold a Master of
19 Science Degree in Taxation from Fontbonne College in St. Louis, Missouri. I
20 became a Certified Public Accountant in 1981 and am licensed to practice in the
21 State of Missouri.

22 Q. **WHAT WAS YOUR WORK HISTORY BEFORE JOINING THE
23 AMERICAN WATER SYSTEM?**

24 A. Prior to my employment with the American Water System I held numerous
25 positions with the Continental Water Company (CWC) group, which was acquired
26 by American Water Works Company in 1999. These positions included Senior

1 Vice President of Business Affairs of St. Louis County Water Company (SLCWC),
2 the largest CWC holding; Vice President of Rates and Regulations of SLCWC;
3 Manager of Corporate Accounting of SLCWC; Controller of Missouri Water
4 Company, and Accounting Manager of CWC, to name the most significant. In
5 total, I have 27 years of experience in the utility industry, including three years
6 with the Missouri Public Service Commission, holding the position of Accounting
7 Manager of the St. Louis Office at the time I left the Missouri Commission's
8 employ.

9 Q. **WHAT ARE YOUR PRIMARY RESPONSIBILITIES IN YOUR PRESENT**
10 **POSITIONS?**

11 A. I am responsible for the direction and oversight of all regulatory, finance,
12 accounting, and information systems activities within the Western Region as well
13 as many other administrative functions.

14 Q. **HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY**
15 **AGENCIES?**

16 A. Yes. I have testified before the Missouri Public Service Commission on numerous
17 occasions in connection with general rate case proceedings and administrative
18 procedural matters, and I have appeared before a number of other regulatory and
19 municipal government agencies. Earlier this year, I testified before the Arizona
20 Corporation Commission ("the Commission") on a pending matter for Arizona-
21 American.

22 Q. **WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THESE**
23 **PROCEEDINGS?**

24 A. The purpose of my testimony is to provide an overview of the American Water
25 System and its relationship to Arizona-American. I will also discuss the services
26 provided by Arizona-American affiliates, including the Service Company, and the

1 benefits that will be derived by Arizona-American and its customers from the
2 efficiencies gained through consolidation of such services.

3 **II. BACKGROUND ON ARIZONA-AMERICAN AND AMERICAN WATER**
4 **WORKS COMPANY**

5 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF ARIZONA-AMERICAN.**

6 **A.** Arizona-American is an Arizona corporation that was incorporated in 1949. For
7 many years, Arizona-American has provided water utility service in portions of the
8 Town of Paradise Valley, the City of Scottsdale and certain unincorporated
9 portions of Maricopa County. At that time, Arizona-American was known as
10 Paradise Valley Water Company. The Company's name was changed to Arizona-
11 American Water Company in January 2000.

12 Arizona-American's common stock was purchased by American Water
13 Works Company ("AWW") in the late 1960s. Since that time, Arizona-American
14 has been a wholly-owned subsidiary of AWW and, as I indicated above, has been
15 part of the AWW Western Region. In January 2002, Arizona-American completed
16 the acquisition of the water and wastewater utility systems and assets of Citizens
17 Communications Company in Arizona.

18 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF AWW AND ITS BUSINESS**
19 **ACTIVITIES.**

20 **A.** AWW is a Delaware corporation, whose headquarters is located in Voorhees, New
21 Jersey. AWW, through its regulated and unregulated subsidiaries, has a business
22 presence in 28 states and three Canadian provinces. AWW has operating utility
23 subsidiaries that provide water and/or wastewater services to more than 12 million
24 people in 23 states, including Arizona-American. In addition, AWW has a number
25 of subsidiaries that are engaged in non-regulated business activities, including
26 American Water Services, whose business focuses on providing contract operating

1 and management services to municipal, industrial and military clients; American
2 Water Resources, which offers water and wastewater-related products and services;
3 the Service Company, which provides various professional services (e.g.,
4 accounting, administration, engineering, human resources, risk management and
5 water quality services) at cost, to AWW subsidiaries; and American Water Capital
6 Corp., which provides debt capital and treasury management services, at cost, to
7 AWW and its utility subsidiaries.

8 **III. SUMMARY OF SERVICES AND BENEFITS PROVIDED TO ARIZONA-**
9 **AMERICAN BY AMERICAN WATER WORKS SERVICE COMPANY**

10 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF THE BENEFITS DERIVED**
11 **BY ARIZONA-AMERICAN AND ITS CUSTOMERS FROM THE**
12 **AMERICAN WATER SYSTEM?**

13 **A.** There are numerous benefits from being part of a major corporation in the United
14 States today -- financial strength, purchasing power, and strategic direction to name
15 a few. Specifically, however, there are distinct advantages to being part of the
16 American Water System for a water and wastewater operation. As a result of the
17 many years and number of locations the American Water System has been in the
18 water wastewater business, a depth of knowledge as well as strong water resource
19 management is available 24 hours a day, seven days a week. It is inconceivable
20 that there is any situation in the water or wastewater business has not been seen,
21 understood and dealt with by members of the American Water System. From day-
22 to-day routine operation to complex treatment facility design and construction,
23 AWW, through its network of companies, has the talent and resources to deliver
24 the best possible product. It is through the sharing of these resources that AWW
25 can achieve excellence, at a lower cost, in all segments of its operations. It has
26 been a longtime practice of AWW to centralize and share this talent and expertise

1 among all of its operations to very economically provide the best possible
2 resources to every operation within the system. Today the services range from
3 highly technical project design teams, to extremely cost-effective capital
4 procurement, to efficient centralized corporate accounting, to name a few.

5 Q. **WHAT IS THE "SHARED SERVICES CENTER" AND WHAT BENEFITS**
6 **DOES IT PROVIDE TO ARIZONA-AMERICAN?**

7 A. Over the past 18 months AWW has been expanding the services it provides to all
8 of its operations through an initiative referred to as "Shared Services". The
9 "Shared Services" projects are nothing more than expansion of the philosophy held
10 by AWW for many years to provide the highest level of services while achieving
11 ultimate economies of scale that are available to large organizations, and the
12 Shared Services Center is one result of these activities. The Shared Services
13 Center is the operations center resulting from the recent consolidation of all
14 accounting, treasury, and many financial analysis functions. This consolidation
15 allows for a consistent accounting platform across the American Water System,
16 more efficient accounting processes, expanded analytical capabilities, and more
17 effective financial reporting. All this is accomplished with fewer human resources
18 and increased technical capabilities, providing an overall better product at less cost
19 to the ratepayer and the shareholder. It was designed from inception to capture
20 fully the economies of scale by providing a single service to multiple operations.
21 This project is still in its infancy and all AWW operations are currently in
22 transition. However, based upon performance to date, it appears the goals and
23 purpose are being accomplished effectively and costs will be reduced going
24 forward.

25 Q. **WHAT IS THE "CUSTOMER CALL CENTER" AND WHAT BENEFITS**
26 **DOES IT PROVIDE TO ARIZONA-AMERICAN?**

1 A. Running in parallel with the Shared Services Center project, another consolidated
2 services initiative was also conceived and implemented. This project involves the
3 consolidation of all customer billing, collection and reporting, and call handling
4 across the United States. Just two years ago, the American Water System utilized
5 multiple billing systems as well as multiple call centers across the country to
6 handle these functions. Many operations handled these functions with different
7 software programs and on different platforms. As a result, there was not a great
8 deal of commonality or consistency between the various customer services centers
9 across the United States. As is easily seen, the duplication and differences of
10 systems and human resources all performing essentially the same functions is not
11 particularly efficient, and lead to the evaluation of consolidation for more efficient
12 operations and cost benefits. As a result of this evaluation, a national Customer
13 Call Center was established in Alton, Illinois in 2002 for the purpose of
14 centralizing the call handling function. At about the same time, efforts began to
15 migrate the various customer billing systems to a common platform, ORCOM, at a
16 single location in Hershey, Pennsylvania to provide greater efficiency and
17 consistency within the billing process.

18 The transition to consolidated customer service and billing is a significant
19 undertaking and is still ongoing at the present time. Arizona-American, during the
20 first half of 2002, was cut over to this shared operation and has been undergoing
21 the normal conversion and transition issues that can be expected during such a
22 significant undertaking. We have made and will continue to make every effort to
23 minimize the effects and inconvenience to customers in our efforts to achieve the
24 goal of more efficient and effective customer service and billing.

25 Q. PLEASE DESCRIBE THE OTHER BENEFITS THE SERVICE COMPANY
26 PROVIDES TO ARIZONA-AMERICAN CUSTOMERS IN THE AREAS OF

1 **WATER QUALITY TESTING, COMPREHENSIVE PLANNING AND**
2 **RESEARCH AND DEVELOPMENT?**

3 A. The Service Company does and will continue to provide all of the traditional
4 services provided in the past to Arizona-American. The Shared Services Center
5 and the Customer Service Center are only the two most recent consolidated
6 services added. The Service Company continues to provide the highest level of
7 financial, water quality, and capital deployment planning and project management
8 as it has in the past in the most cost effective manner. In addition, AWW remains
9 committed to being the leader in research and development in water, wastewater,
10 and water resource management, all of which is available to Arizona-American, as
11 it is to all American System companies. All services provided add important value
12 to Arizona American while achieving consolidated economies of scale making
13 them extremely cost-effective. Specifically, the Arizona systems recently acquired
14 from Citizens Communications Company have already begun undergoing AWW's
15 comprehensive planning process, providing an effective roadmap for capital
16 deployment into the future. AWW has found this an extremely effective
17 management program, which allows regulators, customers, and shareholders a
18 comprehensive view into the future of the potential capital outlays. In addition, the
19 highest level of water quality testing, treasury functions, engineering functions, and
20 financial functions are all provided to Arizona-American at a shared reduced cost,
21 less than if the same service had to be procured independently.

22 Q. **DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

23 A. Yes it does.

24
25 PHX/1356645.1/73244.034

BOURASSA

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7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8 IN THE MATTER OF THE
APPLICATION OF ARIZONA-
9 AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
10 DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS
11 UTILITY PLANT AND PROPERTY
AND FOR INCREASES IN ITS RATES
12 AND CHARGES BASED THEREON
FOR UTILITY SERVICE BY ITS SUN
13 CITY WEST WATER AND
WASTEWATER DISTRICTS.
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DOCKET NO. W-01303A-02-_____
SW-01303A-02-_____

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18 **DIRECT TESTIMONY OF**
19 **THOMAS J. BOURASSA, CPA**
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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

3 A. My name is Thomas J. Bourassa. My business address is 727 W. Maryland Ave.
4 #12, Phoenix, Arizona 85013.

5 **Q. WHAT IS YOUR PROFESSION AND BACKGROUND?**

6 A. I am a Certified Public Accountant and am self-employed, providing consulting
7 services to utility companies as well as general accounting services. I have a B.S.
8 in Chemistry/Accounting from Northern Arizona University (1980) and an M.B.A.
9 with an emphasis in Finance from the University of Phoenix (1991).

10 **Q. COULD YOU BRIEFLY SUMMARIZE YOUR PRIOR WORK AND**
11 **REGULATORY EXPERIENCE?**

12 A. Yes. I was employed by High-Tech Institute, Inc., and served as controller and
13 chief financial officer, prior to becoming a private consultant. Prior to working
14 for High-Tech Institute I worked as a division controller for the Apollo Group, Inc.
15 Before joining the Apollo Group I was employed at Kozoman and Kermode,
16 CPA's. In that position, I prepared compilations and other write-up work for water
17 and wastewater utilities, as well as tax returns.

18 In my private practice, I have prepared and/or assisted in the preparation of
19 several water and wastewater utility rate applications, including Vail Water
20 Company, E&T Water Company, Ponderosa Utility Company, Diablo Village
21 Water Company, New River Utility Company, Far West Water & Sewer, Sedona
22 Venture Water and Sewer, Bella Vista Water Company, Rio Verde Utilities, Gold
23 Canyon Sewer Company, Green Valley Water Company, and the Town of Oro
24 Valley.

1 Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

2 A. I am testifying in this proceeding on behalf of Arizona-American Water Company
3 ("Arizona-American" or "the Company"). Arizona-American is seeking increases
4 in its rates and charges for utility service for the Sun City West water district and
5 Sun City West wastewater district, which provide water and sewer service in
6 Maricopa County, Arizona.

7 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

8 A. I will testify in support of the Company's proposed rates for the Sun City West
9 districts. My testimony will focus on the revenue requirement for these districts. I
10 am sponsoring Schedules A through F, which are filed concurrently herewith in
11 support of this application. I was responsible for the preparation of these
12 schedules based on my investigation and review of the relevant books and records
13 for the Sun City West districts. Ronald L. Kozoman will discuss issues relating to
14 rate design in his direct testimony and sponsor the Company's H schedules. In
15 addition, issues related to the cost of capital and proposed return on rate base are
16 addressed by David P. Stephenson and Dr. Thomas M. Zepp in their direct
17 testimonies, which testimonies I have relied on to prepare the Company's D
18 schedules.

19 Q. HOW WILL YOUR TESTIMONY BE ORGANIZED?

20 A. My direct testimony is presented in two parts. The first part addresses rate base
21 issues. The second part addresses income statement issues. I will also testify on
22 the other schedules required in the standard filing requirement set by the Arizona
23 Corporation Commission ("Commission").

24 Q. WOULD YOU PLEASE SUMMARIZE THE COMPANY'S RATE CASE?

25 A. Yes. As explained in the Direct Testimony of David P. Stephenson, the test year
26 proposed by Arizona-American is December 31, 2001, with pro forma adjustments

1 necessary to obtain a normal or realistic relationship between revenues, expenses
2 and rate base and to take into account known changes resulting from Arizona-
3 American's acquisition of Citizens' water and wastewater assets. A return of 7.75
4 percent on the Company's fair value rate base is requested, which, as Dr. Zepp
5 discusses in his testimony, is approximately equal to the current cost of medium-
6 grade investment bonds issued by utilities. The increase in revenues needed to
7 provide that return for the Sun City West water district is approximately
8 \$1,482,000. This represents an increase of approximately 44% over the adjusted
9 and annualized test year revenues. The increase in revenues needed to provide that
10 return for the Sun City West wastewater district is approximately \$1,966,000. This
11 represents an increase of approximately 56% over the adjusted and annualized test
12 year revenues.

13 **Q. WHY IS THE COMPANY FILING FOR RATE INCREASES AT THIS**
14 **TIME?**

15 **A.** Unfortunately, few of Citizens' systems received rate increases in the past 10
16 years, and several systems received rate decreases. The Sun City West districts
17 prior rate case was based on a test year ended March 31, 1995, which was
18 approximately 7 years ago. The costs associated with operating the systems and the
19 additional utility plant added since the last rate case have exceeded the revenues
20 gained from customer growth and cost savings from more efficient operations.

21 **Q. BEFORE YOU BEGIN YOUR TESTIMONY ON THE RATE BASE AND**
22 **INCOME STATEMENT, WOULD YOU PLEASE DESCRIBE THE**
23 **SCHEDULES LABELED AS A, E, AND F?**

24 **A.** Yes. There are separate A, E, and F schedules for the Sun City West water and
25 Sun City West wastewater districts. The A-1 Schedule is a summary of the fair
26 value rate base, adjusted operating income, current rate of return, required rate of

1 return, operating income deficiency, and the increase in gross revenue. Revenues
2 at present and proposed rates and customer classifications are also shown on this
3 schedule.

4 The A-2 Schedule is a summary of results of operations for the test year,
5 prior years, and a projected year at present rates and proposed rates.

6 Schedule A-3 contains the capital structure for the test year and the two
7 prior years.

8 Schedule A-4 contains the plant construction, and plant in service for the
9 test year and prior years. The projected plant additions are also shown on this
10 schedule.

11 Schedule A-5 is the summary of changes in financial position (cash flow)
12 for the prior two years for the Sun City West districts, the test year at present
13 rates, and a projected year at present and proposed rates for those systems.

14 The E Schedules are based on Citizens' actual operating results, as reported
15 by Citizens in the annual reports filed with the Commission. The E-1 Schedule
16 contains the Comparative Balance Sheet data the years 1999, 2000, and 2001.

17 Schedule E-2, page 1, contains the Income Statement for the years 1999,
18 2000, and 2001.

19 Schedule E-3 contains the Statements of Changes in financial position for
20 the test year and the two prior years.

21 Schedule E-4 provides the changes in stockholder's equity.

22 The E-5 Schedule contains the plant in service at the end of the test year,
23 and one year prior to the end of the test year.

24 The E-7 Schedule contains Operating Statistics for the year ended
25 December 31, 1999, 2000, and 2001. For the Sun City West water district the
26 operating statistics include to the number of customers, and revenue per customer,

1 and pumping power cost per 1,000 gallons of water sold. For the Sun City West
2 wastewater district the operating statistics include to the number of customers and
3 revenue per customer.

4 Schedule E-8 contains the taxes charged to operations.

5 The accountant's notes to the financial statements and the financial
6 assumptions used in preparing the rate filing schedules are shown on schedule E-9
7 and F-4, respectively, in accordance with the Commission's standard filing
8 requirements. The Company does not cause audited financial statements to be
9 prepared, and none are available for individual systems or for the Company as a
10 whole.

11 The F-1 Schedule contains the results of operations at the present rates
12 (actual and adjusted), and at proposed rates.

13 Schedule F-2 contains the summary of changes in financial position (cash
14 flow) for the prior two years, the test year at present rates, and a projected year at
15 present and proposed rates.

16 The F-3 Schedule has the projected construction requirements for 2002,
17 2003, and 2004.

18 Schedule F-4 contains the assumptions used in developing the adjustments
19 and projections contained in the rate filing.

20 **II. RATE BASE**

21 **Q. WOULD YOU PLEASE EXPLAIN THE RATE BASE SCHEDULES,**
22 **WHICH ARE LABELED AS THE B SCHEDULES?**

23 **A.** Yes. Again, there are separate B schedules for the Sun City West water and Sun
24 City West wastewater districts. I will start with Schedule B-5, which is the
25 working capital allowance. The results produced by the "formula method" of
26 computing the working capital allowance are shown for informational purposes on

1 Schedule B-5. However, the Company is not requesting a working capital
2 allowance in this case, as reflected on Schedules B1, B2, and B3, in order to
3 simplify this filing and to reduce issues in the case.

4 **Q. PLEASE CONTINUE WITH YOUR DESCRIPTIONS OF THE RATE**
5 **BASE SCHEDULES?**

6 A. The B-4 contains reconstruction cost new less depreciation ("RCND") plant
7 information. The RCN plant costs were developed using the Handy-Whitman
8 Public Utility Semiannual Indexes Used in Deriving Estimates of the Value of
9 Construction Put in Place in Constant Dollars (1996=100). The indexes were
10 recomputed to 2001 dollars (2001=100). The RCN cost was determined by
11 multiplying the appropriate index (by month and year of acquisition) by the
12 original cost to derive the cost in current dollars. Accumulated depreciation,
13 advances in aid of construction ("AIAC") and contributions in aid of construction
14 ("CIAC") were trended using the ratio of the total reconstruction cost new
15 ("RCN") cost to total original cost plant.

16 **Q. HAVE YOU PREPARED A SCHEDULE SHOWING ADJUSTMENTS TO**
17 **THE RCND RATE BASE?**

18 A. Yes. Schedule B-3 shows those adjustments. These adjustments are, in summary:

19 Adjustment number 1 increases plant to the trended plant balance at the
20 closing of the purchase of the Sun City West districts by Arizona-American, which
21 occurred on January 15, 2002 ("Closing").

22 Adjustment number 2 increases plant for construction work in progress
23 ("CWIP"), i.e., plant that will be completed and placed in service prior to
24 December 31, 2002. The basis for this adjustment is set forth in the Direct
25 Testimony of Blaine Akine.

26 Adjustment number 3 increases accumulated depreciation to the trended

1 balance at Closing.

2 Adjustment number 4 increases the AIAC and CIAC to trended transferred
3 balance. In Decision No. 63584 (April 24, 2001), which authorized the sale and
4 transfer of Citizens' water and wastewater assets in Arizona to Arizona-American,
5 the Commission ordered that Citizens' AIAC and CIAC balances be imputed to
6 Arizona-American and be given rate base treatment in the Company's rate filings
7 for specified periods of time. (Decision No. 63584 is discussed in the Direct
8 Testimony of David P. Stephenson, and a copy of the decision is attached to his
9 testimony as Stephenson Dir. Exh. 1.) This decision also required that 5 percent of
10 the AIAC balance imputed to Arizona-American be transferred to the CIAC
11 balance. Adjustment number 5 shows this transfer from AIAC and CIAC at the
12 trended amounts.

13 Adjustment number 6 is intentionally left blank.

14 Adjustment 7 increases rate base for the Orcom costs. These costs were
15 incurred in connection with setting up the Company's new billing system in
16 conjunction with the Citizens' acquisition. A previously recognized four-factor
17 formula was used to allocate the Orcom costs to each Arizona-American system.
18 The basis for these costs and their allocation are also explained by Mr. Stephenson
19 in his direct testimony.

20 **Q. HAVE YOU PREPARED A SCHEDULE SHOWING ADJUSTMENTS TO**
21 **THE ORIGINAL COST RATE BASE?**

22 **A.** Yes. Schedule B-2 shows adjustments to the original cost rate base. These
23 adjustments are, in summary:

24 Adjustment 1 increases plant to the plant balance at Closing.

25 Adjustment 2 increases plant for revenue neutral construction work in
26 progress ("CWIP"), i.e., plant that will be completed and placed in service prior by

1 December 31, 2002. As stated, these plant additions are discussed by Mr. Akine in
2 his direct testimony.

3 Adjustment 3 increases accumulated depreciation to the balance at Closing.

4 Adjustment 4 increases the AIAC and CIAC to the transferred balance.

5 As with the RCND rate base, mentioned above, 5 percent of the transferred
6 AIAC balance was transferred to the CIAC balance. Adjustment number 5 shows
7 this transfer.

8 Adjustment 6 is intentionally left blank.

9 Adjustment 7 increases rate base for the Acquisition Adjustment related to
10 the purchase of Citizens' water and wastewater assets by Arizona-American. Mr.
11 Stephenson explains the basis for the inclusion of the Acquisition Adjustment in
12 the original cost rate base in his direct testimony.

13 Adjustment 8 increases rate base for the Orcom costs. As I previously
14 explained, these costs were incurred in setting up the Company's new billing
15 system, and are discussed by Mr. Stephenson in his direct testimony.

16 **Q. DO THE PLANT AND ACCUMULATED DEPRECIATION SHOWN ON**
17 **SCHEDULE B-2 AND B-3 REFLECT THE LAST COMMISSION RATE**
18 **ORDER?**

19 **A.** Yes. The plant shown on Schedule B-2 started with the Commission determined
20 plant from the last rate case. Plant additions and retirements since the last test year
21 have been added to and deducted from total plant shown on schedule B-2.

22 As I previously mentioned, the RCN plant costs as shown on schedule B-3
23 were prepared using Handy-Whitman indexes. Accumulated depreciation was
24 trended using the ratio of the total RCN cost to total original cost plant.

25 The accumulated depreciation balances reflect the depreciation expense
26 actually recorded for the systems (with certain adjustments as noted). The annual

1 depreciation expense for the Sun City West districts was prepared using the
2 depreciation rates as ordered in the last Commission decision.

3 **Q. HOW WAS THE PROPOSED "FAIR VALUE" RATE BASE SHOWN ON**
4 **B-1 DETERMINED?**

5 A. The fair value rate base ("FVRB") shown on Schedule A-1 is based on the RCND
6 rate base, as adjusted. The RCND rate base should be used as the FVRB because
7 it most closely approximates the "fair value" of the Company's utility plant and
8 property, i.e., its value at the time new rates are set in this case.

9 **Q. AREN'T YOU CONCERNED THAT THE USE OF THE RCND RATE**
10 **BASE AS THE FVRB WILL OVERSTATE RATE BASE AND RESULT IN**
11 **UNREASONABLE RATES?**

12 A. No. As I understand the concept of "fair value," which must be used in setting
13 rates in Arizona, the value of the plant and property on which the Company is
14 entitled to earn a fair return should be its current value, as opposed to its book
15 value or original cost. The latter valuation method would not take into account
16 increases in construction costs and similar changes that would cause the current
17 value of the plant and property to be greater than their original cost.

18 In addition, the accumulated depreciation balance has also been trended in
19 the same manner as plant, reducing the RCNB rate base. Also, Citizens' AIAC
20 and CIAC balances at Closing have been imputed to Arizona-American and have
21 also been trended, resulting in a further reduction to the RCND rate base. Thus,
22 the methodology reflects the current costs to construct the plant, while assuming
23 corresponding increases in the accumulated depreciation balance and the AIAC
24 and CIAC balances. This valuation approach is therefore relatively conservative.

25 **Q. IS THERE ANY OTHER SUPPORT FOR USING THE RCND RATE BASE**
26 **AS THE "FAIR VALUE" RATE BASE IN THIS CASE?**

1 A. Yes. As discussed in the Direct Testimony of David P. Stephenson, and as I have
2 already noted, Arizona-American recently completed the purchase of Citizens
3 Communications' water and wastewater assets in Arizona, including the Sun City
4 West water and wastewater districts. As Mr. Stephenson explains, this transaction
5 involved an arms-length purchase/sale of the Citizens' assets, negotiated between
6 two independent parties. The purchase price was, in total, approximately
7 \$276,500,000. This price included an amount in excess of Citizens' book value
8 equal to approximately \$71,000,000. The allocation of this acquisition premium,
9 i.e., the amount paid by Arizona-American in excess of the original cost of the
10 utility plant and property, to the instant districts is shown on Schedule B-2. The
11 fact that the systems were recently purchased in an arms-length transaction for an
12 amount substantially above book cost is further evidence that use of the RCND
13 rate base as the FVRB is appropriate under the circumstances.

14 Q. ARE YOU SUGGESTING THAT THE "FAIR VALUE" RATE BASE BE
15 EQUAL TO THE PRICE AT WHICH THE CITIZENS ASSETS' WERE
16 PURCHASED BY ARIZONA-AMERICAN?

17 A. Although that is not the Company's position, there is some logic to that approach.
18 The amount paid by Arizona-American represents Arizona-American's actual
19 investment in the utility plant and property used to furnish service. Thus, if the
20 rate base were based solely on the Company's investment, then it would be
21 appropriate to use the amount of that investment – the actual purchase price paid –
22 as the rate base, and allow the utility to earn a reasonable return on that investment.

23 However, it is my understanding that a FVRB should be based on the
24 current value of the utility plant and property devoted to public service. The
25 purchase price paid for the utility plant and property comprising the FVRB in a
26 recent, arms-length transaction is certainly some evidence of the current value of

1 that plant and property and therefore should be considered by the Commission in
2 setting rates. While it would be inappropriate to rely solely on the purchase price,
3 the purchase price provides additional support for the use of the RCND rate base,
4 as opposed to relying on original cost under the circumstances in this case.

5 **III. INCOME STATEMENT**

6 **Q. WOULD YOU PLEASE EXPLAIN THE ADJUSTMENTS YOU ARE**
7 **PROPOSING TO THE INCOME STATEMENT AS SHOWN ON**
8 **SCHEDULES C-1 AND C-2?**

9 **A.** Yes. There are separate C schedules for the Sun City West water district and the
10 Sun City West wastewater district. The details of the adjustments are shown on
11 Schedule C-2. The adjustments are then carried forward to the C-1 Schedule,
12 which contains the adjusted test year income statement.

13 Adjustment 1 removes Citizens' corporate expenses as recorded on
14 Citizens' books. These expenses were variously recorded in the purchased power,
15 repairs and maintenance, materials and supplies, office expense, outside services,
16 and miscellaneous expenses accounts. These expenses were removed because they
17 do not reflect the expenses of the Sun City West districts on a going-forward basis.
18 Adjustments 3 and components of adjustment 10 reflect Arizona-American's
19 estimates of similar expenses on a going-forward basis for these districts.

20 Adjustment 2 removes all test year salaries and wages and related payroll
21 taxes. These expenses were also removed because they do not reflect the expenses
22 of the Sun City West districts on a going-forward basis. Adjustments 4 and
23 components of adjustment 10 reflect Arizona-American's estimates of similar
24 expenses on a going-forward basis and reflect known and measurable changes to
25 test year expenses.

26 Adjustment 3 shows the charges for services provided by American Water

1 Works Service Company ("the Service Company"), allocated to the Sun City West
2 districts. These charges replace the expenses, in part, removed in adjustment 1 and
3 2. As explained by Mr. Stephenson, these costs have been allocated based on a
4 previously recognized four-factor formula. The Direct Testimony of B. Kent
5 Turner discusses the nature of the services provided by the Service Company and
6 its relationship to Arizona-American.

7 Adjustment 4 increases salaries and wages and related payroll taxes to
8 match those of the Sun City West Systems on a going-forward basis. Adjustment
9 4 was prepared using 2002 actual expenses, including estimates of annual expenses
10 for vacant positions. These expenses replace, in part, the expenses removed in
11 adjustment 2 and reflect known and measurable changes to test year expenses.

12 Depreciation expense is annualized in adjustment 5. The proposed
13 depreciation rate for each component of utility plant is on shown on Schedule C-2,
14 page 6. The depreciation rates used are those approved in the prior rate case.

15 The depreciation calculations include plant that is currently under
16 construction and will be completed by December 31, 2002, as well as amortization
17 of deferred regulatory assets allowed in Commission Decisions 61382 (Y2K
18 costs). The method and rate of amortization of these costs are not specified in
19 these decisions. In the instant case, the Company proposes using the composite
20 depreciation rate on plant.

21 The depreciation calculations also include amortization of the Acquisition
22 Adjustment. The Acquisition Adjustment is being amortized over 40 years using a
23 mortgage-style method, as shown on schedule C-2 page 6a. Mr. Stephenson
24 explains the rationale for using mortgage-style amortization his direct testimony.

25 Depreciation expense on CIAC is removed, as CIAC are being amortized.
26 The amortization rate used is equal to 10 years as required by Commission

1 Decision 63584.

2 The adjustment labeled as 6 increases the property taxes based on proposed
3 revenues.

4 **Q. HOW DID YOU COMPUTE THE PROPERTY TAXES AT PROPOSED**
5 **RATES?**

6 A. I used the method used by the Arizona Department of Revenue - Centrally Valued
7 Properties ("ADOR" or "the Department"). This method determines the full cash
8 value by using twice the average of three years of revenue, plus an addition for
9 CWIP, and a deduction for the book value of transportation equipment.

10 The assessed value (25% of full cash value) multiplied by the property tax
11 rate results in the property tax. In the instant case, I used the unadjusted revenues
12 for 2001, the adjusted revenues for 2001, and the revenues at proposed rates.

13 **Q. IS THIS SYNCHRONIZATION OF PROPERTY TAX EXPENSE WITH**
14 **REVENUES A COMMISSION PRACTICE, AND IS IT PROPER RATE**
15 **MAKING?**

16 A. Yes it is. For example, an adjustment of this nature was specifically addressed and
17 approved in Decision No. 60826 for Far West Water Company. Like income
18 taxes, property taxes must be adjusted to ensure that the new rates are sufficient to
19 produce the authorized return on rate base. Staff normally proposes that property
20 taxes and resulting full cash value be computed used three historic years.
21 However, this method of computing adjusted property taxes insures that the utility
22 will not earn its authorized rate of return, because property tax expense is a direct
23 function of revenues and will increase as revenues increase.

24 **Q. MR. BOURASSA, ISN'T THERE A LAG FROM THE TIME THAT NEW**
25 **RATES CHARGED CUSTOMERS GO INTO EFFECT, AND THE DATE**
26 **THAT THE PROPERTY TAX IS ACTUALLY PAID?**

1 A. Yes. As an example, if new rates for the systems went into effect on January 1,
2 2003, the property tax bill based on these new rates would first appear on the
3 property tax bill received in September 2004. However, the Company should be
4 accruing property taxes to match the revenues collected. Thus, there is no
5 mismatch between revenues and expenses. Further, the property taxes resulting
6 from my calculation are based only a portion of proposed revenues. To properly
7 consider the future impact of the rate increases, I should have computed the
8 proposed property taxes based only on proposed revenues rather than averaging
9 proposed and historic revenues. Consequently, this adjustment is conservative.

10 **Q. PLEASE CONTINUE WITH YOUR DESCRIPTION OF THE INCOME**
11 **STATEMENT ADJUSTMENTS.**

12 Adjustment 7 synchronizes interest expense with the Company's FVRB. The
13 weighted cost of debt from Schedule D-1 is multiplied by the FVRB contained on
14 Schedule B-1 to derive the interest expense for computation of the income taxes.

15 Adjustment 8 shows the rate case expense. The amount and basis for the
16 requested amount of rate case expense are discussed by Mr. Stephenson in his
17 direct testimony. The Company is proposing to amortize rate case expense over 3
18 years.

19 Adjustment 9 is intentionally left blank.

20 Adjustment 10 includes estimated additional corporate overhead expenses.
21 These expenses include general insurance, employee group insurance, 401(k)
22 costs, employee incentives, customer notifications, training, bank service charges,
23 etc., and were grouped by salaries and wages, office expense, insurance, and
24 miscellaneous expense. The allocation basis that is used includes employee
25 counts, year-end customer counts, fair value rate base, adjusted test year revenues,
26 as well as pro forma plant depending on the nature of cost allocated. The expense

1 adjustment replaces the expenses, in part, removed in adjustment 1 and adjustment
2 2. Mr. Stephenson will address these costs in his direct testimony.

3 Adjustment 11 annualizes revenues to the year end number of customers.

4 Adjustment 12 shows lease expense for the Sun City West districts' portion
5 of the new corporate office lease. The basis for this expense is discussed in the
6 Direct Testimony of Mr. Robert J. Kuta.

7 The following adjustments apply to the Sun City West wastewater district
8 only:

9 Adjustment 13 removes non-utility revenues and expenses to eliminate the
10 effects on income taxes.

11 Adjustment 14 is intentionally left blank.

12 Adjustment 15 increases power costs based on additional billings from
13 revenue annualization in Adjustment 11. The adjustment is intended to match
14 additional revenues from the revenue annualization.

15 The following adjustments apply to the Sun City West water district only:

16 Adjustment 13 reflects actual local water testing expenses removed in
17 Adjustment 1. Adjustment 1 removed all water testing related expenses as the
18 water testing costs are included as part of the overhead expenses in adjustment 10.
19 However, some local water test expenses will still be incurred. The costs represent
20 such items as reagent kits for on site monitoring.

21 Adjustment 14 removes non-utility revenues and expenses to eliminate the
22 effects on income taxes.

23 Adjustment 15 is intentionally left blank.

24 Adjustment 16 increases power costs based on additional gallons pumped
25 from revenue annualization in adjustment 11. The adjustment is intended to
26 match additional revenues from revenue annualization as shown in adjustment 11.

1 Adjustment 17 removes "groundwater savings fee" revenues, which are
2 covered by an existing adjuster mechanism previously approved in Commission
3 Decision No. 62293 (Feb. 1, 2000). The Company is not proposing any changes in
4 this adjuster.

5 Adjustment 18 removes all purchased water expense. Purchased water is
6 covered by an existing adjuster mechanism.

7 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

8 **A. Yes.**

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ZEPP

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7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8 IN THE MATTER OF THE
9 APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, AN
10 ARIZONA CORPORATION, FOR A
DETERMINATION OF THE
11 CURRENT FAIR VALUE OF ITS
UTILITY PLANT AND PROPERTY
12 AND FOR INCREASES IN ITS RATES
AND CHARGES BASED THEREON
13 FOR UTILITY SERVICE BY ITS SUN
CITY WEST WATER AND SUN CITY
14 WEST WASTEWATER DISTRICTS.

DOCKET NO. W-01303A-02-_____
SW-01303A-02-_____

15
16 **DIRECT TESTIMONY**
17 **OF**
18 **DR. THOMAS M. ZEPP**
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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

3 A. My name is Thomas M. Zepp. My business address is Suite 250, 1500 Liberty
4 Street, S.E., Salem, Oregon 97302.

5 **Q. WHAT IS YOUR PROFESSION AND BACKGROUND?**

6 A. I am an economist and Vice President of Utility Resources, Inc., a consulting firm.
7 I received my Ph.D. in Economics from the University of Florida. Prior to jointly
8 establishing URI in 1985, I was a consultant at Zinder Companies from 1982-1985
9 and a senior economist on the staff of the Oregon Public Utility Commission from
10 1976 to 1982. Prior to 1976, I taught business and economics courses at the
11 graduate and undergraduate levels.

12 I have been deposed or testified on various topics before regulatory
13 commissions, courts and legislative committees including two Canadian regulatory
14 authorities, four Federal agencies and in the states of Alaska, Arizona, California,
15 Colorado, Georgia, Idaho, Illinois, Iowa, Kentucky, Minnesota, Montana,
16 Nebraska, Nevada, New Mexico, Oklahoma, Oregon, Tennessee, Utah,
17 Washington and Wyoming. In addition to cost of capital studies, I have testified as
18 an expert on the valuation of utility property, estimated incremental costs of
19 energy and telecommunications services, and presented rate design testimony.

20 **Q. WHAT COST OF CAPITAL STUDIES HAVE YOU PREPARED BEFORE?**

21 A. I have testified on cost of capital or other financial issues before the Interstate
22 Commerce Commission, Bonneville Power Administration and in 13 states. My
23 studies and testimony have included consideration of the financial health and fair
24 rates of return for Nevada Bell Telephone, Illinois Bell Telephone, General
25 Telephone of the Northwest, Pacific Northwest Bell, U S WEST, Anchorage
26 Municipal Light & Power, Pacific Power & Light, Portland General Electric,

1 Commonwealth Edison, Northern Illinois Gas, Iowa-Illinois Gas and Electric,
2 Puget Sound Power & Light, Idaho Power, Cascade Natural Gas, Mountain Fuel
3 Supply, Northwest Natural Gas, Arizona Water Company, California-American
4 Water Company, California Water Service, Dominguez Water Company,
5 Kentucky-American Water Company, Mountain Water Company, Oregon Water
6 Company, Paradise Valley Water Company, Park Water Company, San Gabriel
7 Valley Water Company, Southern California Water Company, Tennessee-
8 American Water Company and Valencia Water Company. I have also prepared
9 estimates of the appropriate rates of return for a number of hospitals in
10 Washington, a large insurance company, and railroads.

11 **Q. DO YOU HAVE OTHER PROFESSIONAL EXPERIENCE RELATED TO**
12 **COST OF CAPITAL ISSUES?**

13 A. Yes. I published an article "Water Utilities and Risk," Water: the Magazine of the
14 National Association of Water Companies Vol. 40, No. 1 (Winter 1999), and was
15 an invited speaker on the topic of risk of water utilities at the 57th Annual Western
16 Conference of Public Utility Commissioners in June 1998. I also presented a paper
17 "Application of the Capital Asset Pricing Model in the Regulatory Setting" at the
18 47th Annual Southern Economic Association Meetings and published an article
19 "On the Use of the CAPM in Public Utility Rate Cases: Comment" in Financial
20 Management (Autumn 1978). While on the staff of the Oregon Public Utility
21 Commission, I also established a sample of over 500,000 observations of common
22 stock returns and measures of risk and conducted a number of studies related to the
23 use of various methods to estimate costs of equity for utilities. I was invited to
24 lecture at Stanford University to discuss that research.

1 **II. PURPOSE OF TESTIMONY, SUMMARY AND CONCLUSIONS**

2 **Q. WHAT IS THE SUBJECT OF YOUR TESTIMONY IN THIS**
3 **PROCEEDING?**

4 A. Arizona-American Water Company ("Arizona-American" or the "Company") has
5 asked me to estimate its cost of common equity to be used in developing a just and
6 reasonable rate of return on Arizona-American's investment in its utility plant and
7 property devoted to public service for ratemaking purposes. My study is based on
8 data available to investors in early August 2002. I was also asked to review certain
9 published decisions of the Arizona appellate courts related to the use of a "fair
10 value" rate base ("FVRB") in setting rates in Arizona, and to express my opinion
11 as an economist concerning the rate base to which the cost of equity and the
12 overall rate of return should be applied in Arizona based on those decisions. Mr.
13 David Stephenson will testify regarding Arizona-American's capital structure, cost
14 of debt and total cost of capital (rate of return), which includes my recommended
15 cost of equity.

16 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

17 A. In this Section II, I outline my testimony and summarize my analysis.

18 In Section III, I discuss my review of certain decisions of the Arizona courts
19 and provide my opinion as an economist about what rate base must be combined
20 with a ROR that includes a market determined estimate of the cost of equity to
21 satisfy the requirements of the Arizona Constitution as interpreted in those
22 decisions.

23 In Section IV, I discuss the risk of water utility common stocks and
24 differences in risk of water utilities and natural gas distribution utilities ("gas
25 utilities") and explain why Arizona-American's higher leverage and unique
26 business risks in Arizona make the Company more risky than an average publicly-

1 traded water utility I examine to determine benchmark equity costs.

2 Section V reports my discounted cash flow ("DCF") equity cost estimates
3 for samples of water utilities and gas utilities.

4 Section VI presents equity cost estimates based on three risk premium
5 approaches. For perspective, I also estimate an equity cost range with the capital
6 asset pricing model ("CAPM").

7 Section VII provides a summary of my analysis and my recommended
8 return on common equity ("ROE") for Arizona-American.

9 **Q. HAVE YOU PREPARED ANY TABLES AND ATTACHMENTS TO**
10 **ACCOMPANY YOUR TESTIMONY?**

11 **A.** Yes. I have prepared 24 tables that support my testimony. These tables are
12 attached to this testimony at Exhibit Zepp Dir. Exh. 1.

13 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

14 **A.** My findings and recommendations are the following:

- 15 1. Arizona-American's cost of common equity is greater than the cost of
16 common equity of the average water utility in my sample of publicly-traded
17 water utilities because it is more leveraged and has other additional business
risks. I estimate Arizona-American's additional leverage requires an equity
cost premium of at least 60 basis points.
- 18 2. The market cost of common equity facing large, publicly-traded water
19 utilities falls in a range of 10.9% to 11.5% at this time:
 - 20 • DCF model estimates for a sample of four publicly-traded water
utilities indicate their average cost of equity is 11.1%;
 - 21 • Based on a DCF analysis of gas utilities, the cost of equity for a
22 comparable risk water utility falls in a range of 11.4% to 11.5%;
 - 23 • The costs of equity derived from three risk premium analyses
indicate the cost of equity for publicly-traded water utilities falls in a
24 range of 10.9% to 11.4%.
 - 25 • A range of equity costs indicated by the CAPM overlaps my other
estimates of the cost of equity.
- 26 3. An internal rate of return analysis for Middlesex Water and Connecticut

1 Water Service, two other water utilities considered by the Utilities Division
2 ("Staff") in past rate cases but not included in my DCF sample, is not
3 inconsistent with my estimated equity cost range for publicly-traded water
4 utilities.

5 4. I estimate Arizona-American's cost of equity falls in a range of 11.5% to
6 12.1%. I recommend that Arizona-American be allowed to earn a ROE of
7 no less than 11.5%, the bottom of the range of my equity cost estimates.
8 See Summary Table 24, Exh. Zepp Dir. Exh. 1 attached hereto.

9 5. A determination of a ROE and overall rate of return is independent of the
10 determination of an original cost rate base ("OCRB") and determination of
11 the value of the FVRB. As an economist, I conclude the ROR that includes
12 my recommended ROE of no less than 11.5% should be adopted and
13 multiplied by the FVRB to determine revenue requirements for Arizona-
14 American's systems.

15 **III. ARIZONA COURT DECISIONS INDICATE UTILITY RATES SHOULD**
16 **BE SET TO RECOVER A MARKET-BASED COST OF EQUITY APPLIED**
17 **TO A FAIR VALUE RATE BASE**

18 **Q. WHAT IS THE ISSUE YOU ADDRESS IN THIS SECTION OF YOUR**
19 **TESTIMONY?**

20 A. The Arizona Constitution provides that "the corporation commission shall, to aid it
21 in the proper discharge of its duties, ascertain the fair value of the property within
22 the State of every public service corporation doing business therein." Arizona
23 Constitution, Art. XV, § 14. Given that the Arizona Constitution requires the use
24 of a "fair value" rate base ("FVRB") in setting rates, a preliminary issue that
25 should be addressed is whether the percentage rate of return on rate base ("ROR"),
26 which is composed of the market cost of equity and embedded costs of debt,
should be set independent of the determination of the FVRB or whether the ROR
should be adjusted to hold a utility's earnings at the same level that would occur if
an original cost rate base ("OCRB") had been used to determine the revenue
requirement.

Q. PLEASE DISCUSS WHAT IS MEANT BY A FAIR RATE OF RETURN.

A. A fair rate of return is achieved when a utility is permitted to set rates and charges

1 for service at levels where the expected return provides common stock investors a
2 reasonable opportunity to earn the cost of common equity. Since operating
3 expenses and interest on debt take precedence over payments to common
4 stockholders, the common equity shareholders of the company bear the greatest
5 risk of not receiving expected returns. The U. S. Supreme Court recognized this
6 requirement many years ago. In describing the ROR on a utility's FVRB, the U.S.
7 Supreme Court, in *Bluefield Waterworks*, stated:

8 A public utility is entitled to such rates as will permit it to
9 earn a return on the value of the property which it employs for
10 the convenience of the public equal to that generally being
11 made at the same time and in the same general part of the
12 country on investments in other business undertakings which
13 are attended by corresponding risks and uncertainties; but it
14 has no constitutional right to profits such as are realized or
15 anticipated in highly profitable enterprises or speculative
16 ventures. The return should be reasonably sufficient to assure
17 confidence in the financial soundness of the utility, and
18 should be adequate, under efficient and economic
19 management, to maintain and support its credit and enable it
20 to raise the money necessary for the proper discharge of its
21 public duties.

22 *Bluefield Waterworks & Improvement Co. v. Pub. Serv. Comm'n of West Va.*, 262
23 U.S. 679, 692-93 (1923).

24 In the *Hope Natural Gas* decision, the Supreme Court restated this
25 requirement:

26 [T]he return to the equity owner should be commensurate
with returns on investments in other enterprises having
corresponding risks. That return, moreover, should be
sufficient to assure confidence in the financial integrity of the
enterprise, so as to maintain its credit and to attract capital.

Fed. Power Comm'n v. Hope Natural Gas Co., 320 U.S. 591, 603 (1944).

Q. YOU QUOTED FROM U.S. SUPREME COURT DECISIONS. ARE
THOSE STATEMENTS CONSISTENT WITH THE ARIZONA
CONSTITUTION AND DECISIONS OF THE ARIZONA COURTS?

1 A. I understand that Arizona courts have recognized and followed relevant U.S.
2 Supreme Court decisions. In *US West Communications*, the Arizona Supreme
3 Court stated: "Whenever possible, however, we construe the Arizona Constitution
4 to avoid conflict with the United States Constitution and federal statutes." *US*
5 *West Communications, Inc. v. Ariz. Corp. Comm'n*, 201 Ariz. 245, 246, 34 P.3d
6 351, 355 (2001).

7 However, as I stated earlier, Arizona differs from most other jurisdictions
8 because of the requirement embodied in the Arizona Constitution that the "fair
9 value" of the utility's plant and property be found and used in setting rates. The
10 Arizona Supreme Court has stated, for this reason, that the "end result" test
11 approved in *Hope* cannot be used in Arizona to justify a particular rate setting
12 approach:

13 It is clear, therefore, that under our constitution as interpreted
14 by this court, the commission is required to find the fair value
15 of the company's property and use such finding as a rate base
16 for the purpose of calculating what are just and reasonable
17 rates. The *Hope* case cannot be used by the commission. To
18 do so would violate our constitution. The statute under
19 consideration in that case prescribed no formula for
20 establishing a rate base. While our constitution does not
21 establish a formula for arriving at fair value, it does require
22 such value to be found and used as the base in fixing rates.
23 The reasonableness and justness of the rates must be related to
24 this finding of fair value.

25 *Simms v. Round Valley Light & Power Co.*, 80 Ariz. 145, 151, 294 P.2d 378, 382
26 (1956). The court also stated:

Fair value means the value of properties at the time of inquiry,
... whereas prudent investment relates to a value at the time
of investment. ... The former allows the increase or decrease
in the cost of construction to influence the rate, whereas the
latter makes no such allowance. Irrespective of the merits, if
any, of the prudent investment theory, because of our
constitution the commission cannot use it as a guide in
establishing a rate base.

1 *Simms, supra* (citations omitted).

2 Historically, a utility's rates were fixed on the basis of providing a fair
3 return on its FVRB, as the discussion in *Bluefield Waterworks* at pages 690 to 692
4 shows. Arizona courts have continued to state that the Arizona Corporation
5 Commission ("Commission") must use a FVRB in setting rates in Arizona.
6 Recently, the Arizona Supreme Court stated that in a monopolistic setting, "fair
7 value has been the factor by which a reasonable rate of return was multiplied to
8 yield, with the addition of operating expenses, the total revenue a corporation
9 could earn." *US West*, 201 Ariz. at 245, 34 P.2d at 354. That statement is
10 consistent with the Arizona Supreme Court's statement in *Simms* some 45 years
11 earlier that the "reasonableness and justness of the rates must be related to [the]
12 finding of fair value." *Simms*, 80 Ariz. at 151, 294 P.2d at 382.

13 In short, the principles stated by the U.S. Supreme Court on what
14 constitutes a fair rate of return are consistent with the holdings of the Arizona
15 courts. Because of the constitutional requirements in Article 15 of the Arizona
16 Constitution, however, the Commission should establish rates that provide a fair
17 rate of return on the current value of a utility's property, i.e., its FVRB.

18 **Q. WHAT FORMULA HAS THE ACC USED TO DETERMINE A UTILITY'S**
19 **FAIR VALUE RATE BASE?**

20 **A.** It is my understanding that there is no set formula for determining the FVRB.
21 Instead, the Commission may consider any relevant evidence that aids in
22 determining the current value of the utility's plant and property. However, I also
23 understand that the Commission has often determined the FVRB by simply
24 averaging the utility's original cost rate base ("OCRB") and its Reconstruction
25 Cost New Rate Base ("RCNRB") as a default measure of FVRB when multiple
26 indicators of the value of plant and property are not available. While certainly

1 convenient, this approach may ignore other factors and circumstances affecting the
2 current value of the plant, and may ultimately result in a substantially understated
3 FVRB.

4 In this case, Arizona-American is requesting that its adjusted RCNRB be
5 used as its FVRB, as discussed in the Direct Testimony of Thomas J. Bourassa.
6 The RCNRB is based on the trended cost of the plant and property used to furnish
7 service, and therefore should more closely approximate its current value than
8 would the original or historic cost. As explained by Mr. Bourassa, in this particular
9 case, the use of the RCNRB is also supported by the purchase price recently paid
10 by Arizona-American for the water and wastewater systems and other assets
11 owned by Citizens Communications in Arizona. The fact that these systems were
12 recently the subject of an arms-length purchase/sale, involving independent and
13 sophisticated parties, gives further support to using RCNRB as the FVRB instead
14 of an average of OCRB and RCND in this case, as multiple indicators of the
15 current value of a utility's assets are rarely available. Assuming that the goal of
16 finding and using the "fair value" of the utility's property is to ensure that the rates
17 are set on the basis of the current value of the utility's plant and property, it would
18 be more appropriate to use the RCNRB as the FVRB, especially when the
19 purchase price for the Citizens' assets is taken into account.

20 **Q. BELOW YOU PROVIDE EQUITY COST ESTIMATES. DO THOSE**
21 **ESTIMATES DEPEND ON THE TYPE OF RATE BASE USED?**

22 **A.** No. My equity cost estimates are independent of the rate base to which they are
23 applied. The equity cost estimates I present are determined from market data and
24 provide an estimate of the equity return an investor requires on dollars invested in
25 shares of common stock. Actual equity returns depend, in part, on the rate base
26 that is incorporated into the process that sets rates. Those stock prices also depend

1 in part on the present value of cash or securities that an investor expects would be
2 received if the utility were condemned by a public agency, acquired by a
3 municipality or another utility, or merged into another utility. Thus, the
4 percentage equity cost estimates are independent of whatever formula is used to
5 determine the FVRB.

6 **Q. WILL APPLICATION OF A MARKET-BASED RATE OF RETURN TO**
7 **THE FVRB ALWAYS LEAD TO HIGHER PRICES FOR UTILITY**
8 **SERVICES THAN WOULD BE THE CASE IF THE MARKET-BASED**
9 **ROR WERE APPLIED TO AN OCRB?**

10 A. No, it would not. In *Simms*, the Arizona Supreme Court recognized that fair value
11 "allows the increase or decrease in cost of construction to influence the rates,
12 whereas [OCRB] makes no such allowance." *Simms*, 80 Ariz. at 151, 294 P.2d at
13 382. The impact of using a FVRB will vary depending on the utility's particular
14 circumstances. I would expect that the application of the market-based ROR to a
15 FVRB for a water utility will, in many cases, lead to higher rates than application
16 of a market-based ROR to an OCRB. But in other cases, the FVRB may be less
17 than the OCRB and thus lead to lower prices for utility services than if the OCRB
18 were used to determine such prices. The drafters of the Arizona Constitution
19 apparently wanted Arizona ratepayers to benefit from cost savings just as they felt
20 that stockholders should be allowed to earn a return on the current value of their
21 assets if costs have increased.

22 **Q. WHAT IS THE SIGNIFICANCE OF SUCH COST CHANGES?**

23 A. It means that the value of the FVRB could be larger or smaller than the value of
24 the OCRB and thus prices for utility services paid by ratepayers when the market-
25 based ROR is multiplied by a FVRB could be higher or lower than rates paid by
26 application of a market-based ROR to an OCRB. With application of a market-

1 based ROR to an OCRB, if subsequent changes in costs have increased or
2 decreased the current value of the property, the earnings requirement would not
3 change.

4 Q. AS AN ECONOMIST, IS IT APPROPRIATE TO DETERMINE THE
5 EARNINGS REQUIREMENT BY MULTIPLYING THE MARKET-BASED
6 ROR TIMES AN OCRB AND THEN SOLVING FOR A ROR THAT,
7 WHEN APPLIED TO THE FVRB, PRODUCES THE SAME DOLLAR
8 LEVEL OF EARNINGS?

9 A. No, it is not. I will call that method the "OCRB-earnings method" because it
10 adopts earnings based on an OCRB even though FVRB is recognized in setting
11 rates. To use the OCRB-earnings method would in fact mean that the OCRB is
12 actually being used to set prices for utility services when Arizona courts have
13 disapproved of the use of an OCRB to determine such prices. The Arizona courts
14 have stated that prices set for utility services should be based on providing a fair
15 rate of return on FVRB – the current value of the utility's property. Limiting a
16 utility's earnings to a dollar return on its OCRB would violate this principle, and
17 effectively adopt the "prudent investment" approach that was disapproved in
18 *Simms*.

19 Moreover, if the FVRB has increased in value and the OCRB-earnings
20 method is used to restate the ROR, it could produce an overall ROR that is less
21 than the cost of debt. Such an outcome would not produce a cost of equity that is
22 based on substantial evidence and may be confiscatory under Arizona's rate-
23 setting requirements.

24 Q. DR. ZEPP, YOU ARE AN ECONOMIST BY TRAINING, AND WHILE
25 YOU HAVE TESTIFIED ON MANY OCCASIONS ON THE COST OF
26 CAPITAL AND OTHER RATEMAKING ISSUES, YOU ARE NOT AN

1 **ATTORNEY. ARE YOU PRESENTING A LEGAL OPINION?**

2 A. No, that is not my intention. As I have stated, I have reviewed and analyzed, as an
3 economist, several U.S. Supreme Court and Arizona appellate decisions, including
4 *Bluefield Waterworks, Hope, Simms, and US West*. My testimony is based on what
5 the courts have stated in those decisions, which is why I have quoted from them
6 extensively. Based on the courts' statements, the regulatory framework appears to
7 be clear. As a professional economist with experience in ratemaking and other
8 types of proceedings involving utilities, I believe I am capable of reviewing and
9 discussing court decisions that pertain to ratemaking principles. In fact, I often
10 review court decisions as well as decisions of regulatory commissions in order to
11 follow changes and developments affecting regulated industries. In many states,
12 including Arizona, commissioners are not required to be attorneys, and yet they
13 must deal with these sorts of legal concepts and requirements. However, if there
14 are other court decisions that I have overlooked or omitted, which contradict the
15 discussion in *Simms* or *US West* about the use of the "fair value" of a utility's
16 property to set rates, for example, I stand to be corrected.

17 **IV. GENERAL RISKS OF WATER UTILITY STOCKS**

18 **Q. AS A PRELIMINARY MATTER, PLEASE DISCUSS THE SAMPLES OF**
19 **UTILITIES YOU HAVE USED IN YOUR DCF ANALYSIS.**

20 A. My sample of water utilities is composed of American States Water, California
21 Water Service Group, Philadelphia Suburban Corp. and SJW Corp. These four
22 water utilities are all of the water utilities the Commission's Utilities Division Staff
23 ("Staff") relied upon to determine DCF equity costs in the Green Valley Water
24 Company case (Docket No. W-02025A-01-0559, Schedule JMR-5, dated February
25 11, 2002) that have more than 60% of their revenues from water utility operations,
26 are not currently being acquired and are not likely acquisition candidates. Table 1

1 lists percentages of operating revenues and bond ratings for these four water
2 utilities (as well as the utilities in the Staff sample I have not included in my
3 analysis) and the common equity ratios for Arizona-American and the four utilities
4 I adopt to make equity cost estimates.

5 **Q. PLEASE ELABORATE ON THE REASONS YOU HAVE NOT INCLUDED**
6 **THE OTHER FOUR WATER UTILITIES IN THE SAMPLE YOU USED**
7 **TO MAKE DCF EQUITY COST ESTIMATES?**

8 A. I have not included American Water Works in my sample because it has entered
9 into an agreement under which its stock is being acquired by RWE AG, a German
10 provider of utility and other industrial services, at a price premium of 35% over the
11 price at the time of the announcement. Shares of stock for American Water Works
12 trade primarily on the expected timing of completion of the merger, not the cost of
13 equity. Southwest Water was excluded because *C. A. Turner Utility Reports* lists
14 its percentage of water utility revenues at only 42%. Middlesex Water Company
15 and Connecticut Water Service appear to be acquisition targets and thus it is
16 difficult to estimate their equity costs with the traditional DCF model.

17 Table 2 reports premiums water utility investors have received, or in the
18 case of American Water Works, have been proposed to receive, at the time
19 mergers or acquisitions were completed. Those premiums have ranged from 35%
20 to 59% and have averaged 45%. *Value Line* has advised investors to expect such
21 acquisitions and mergers to continue and to expect prices from an acquisition to be
22 as much as four times book value. See *Value Line Investment Surveys* dated May
23 3, 2002 at page 1420 and dated August 6, 1999 at page 1405 (copies attached). As
24 a result, it is reasonable to expect that investors holding water utility stocks have
25 bid up prices to reflect the probability they will receive premiums in the future. If
26 prices have been bid up in expectation of receiving such premiums, dividend

1 yields will be reduced to a level lower than would occur if investors did not expect
2 such premiums to be paid. Consequently, mechanical application of the traditional
3 DCF model will understate the cost of equity.

4 Potential acquisition/merger candidates are expected to have had relatively
5 large increases in stock prices. Based on that criteria, I have excluded Connecticut
6 Water Service and Middlesex Water from my primary DCF equity cost estimates.
7 Those two companies have experienced increases in common stock prices that are
8 substantially above the increases in prices for other water utility stocks and thus
9 appear to be acquisition or merger candidates. As part of my analysis below,
10 however, I do compute a range of equity costs for Connecticut Water Service and
11 Middlesex Water with an alternative version of the model underlying the DCF
12 model.

13 **Q. DID YOU ALSO ANALYZE ANY OTHER COMPANIES IN**
14 **DEVELOPING YOUR RECOMMENDED COST OF EQUITY?**

15 A. Yes, I also evaluated a group of seven natural gas utilities whose stock is publicly
16 traded. This analysis provides another useful equity cost benchmark, which is
17 necessary given the small size of the water utility sample group.

18 **Q. HOW DID YOU DETERMINE THE SAMPLE OF GAS UTILITIES YOU**
19 **USED TO COMPUTE YOUR OTHER DCF EQUITY COST ESTIMATES?**

20 A. Table 3 reports the seven gas utilities that I have relied on to supplement my
21 analysis. The utilities in the gas utilities sample are all of the gas utilities relied
22 upon by Staff to determine equity costs in Black Mountain Gas Company, Docket
23 No. G-03703A-01-0263, that have at least 60% of their revenues from gas
24 operations (as reported by *C. A. Turner Utility Reports*), are not being investigated
25 for fraud, are not gas producers and have at least one bond rating of A or better
26 published by Moody's or S&P. Table 3 also lists the gas utilities from the Staff

1 sample I did not include in my sample and reasons I did not include them in my
2 analysis.¹

3 **Q. HOW DOES THE LEVEL OF RISK FACED BY GAS AND WATER**
4 **UTILITIES COMPARE?**

5 A. When making comparisons between risks of water utilities and gas utilities,
6 investors recognize that all utilities face the risk that regulators may disallow
7 investments they have made and expenses they incur. That is an unavoidable risk
8 of regulation. The other types of risks facing gas utilities and water utilities do
9 differ in certain respects. It is possible, however, to compare two "bottom-line"
10 measures of risk for an average gas utility with comparable measures of risk for
11 the average water utility. That comparison is presented in Table 4. The first
12 measure of risk is beta, the risk measure in the CAPM. The beta provides a
13 measure of the risk of holding a stock in a diversified portfolio. The larger the
14 beta, the higher the risk. For purposes of this table, *Value Line* estimates of betas
15 are presented. The second measure of risk is *Value Line's* Safety Rank. This
16 measure of risk is the risk an investor has if he/she holds an individual stock
17 instead of holding that stock as part of a diversified portfolio. The larger the
18 Safety Rank, the higher the risk. Based on those measures of risk, gas and water
19 utilities have approximately the same level of risk.

20 **Q. IS THERE OTHER EVIDENCE THAT SUGGESTS THE FINANCIAL**
21 **COMMUNITY REGARDS THE RISK OF WATER UTILITIES AND GAS**
22 **UTILITIES TO BE SIMILAR?**

23 A. Yes. In its June 21, 1999 *Utilities & Perspectives*, Standard & Poor's ("S&P")
24 announced that it "has created a single set of financial targets that can be applied

25 ¹ I have excluded NICOR from the sample because it is currently under investigation for
26 fraud and its stock price dropped significantly in response to that announcement, to avoid
over-stating the dividend yield in the DCF analysis.

1 across the different utility segments." It now has "four principal financial targets
2 that it uses to analyze credit quality of all investor-owned electric, natural gas, and
3 water utilities in the U.S." *S&P Utilities & Perspectives*, June 21, 1999, Vol. 6,
4 No. 25, page 2. Past separate targets for water utilities are gone. This decision by
5 S&P, together with the evidence on beta risk and Safety Ranks in Table 4,
6 provides support for using equity costs derived from data for samples of gas
7 utilities to make other estimates of the cost of equity for water utilities equal in risk
8 to those in the sample in Table 1.

9 **Q. HAVE YOU ASSUMED THAT THE UTILITIES IN THE WATER AND**
10 **GAS UTILITIES SAMPLES REQUIRE THE SAME ROEs?**

11 A. No. Even though current evidence indicates the utilities in my water utilities
12 sample and gas utilities sample have approximately the same level of risk, I reduce
13 the estimated equity costs for the gas utilities by 50 basis points, based on my
14 judgment, to provide a conservative adjustment for potential differences in risk of
15 the gas utilities' sample and the water utilities' sample.

16 **Q. IN GENERAL, DOES A WATER UTILITY FACE MORE RISK WHEN IT**
17 **HAS TO MAKE ADDITIONAL INVESTMENTS TO MEET STATE AND**
18 **FEDERAL WATER QUALITY STANDARDS?**

19 A. Yes. Expected or unexpected requirements for additional capital spending means
20 water utilities have to request rate increases more often and seek larger percentage
21 increases in order to maintain fair rates of return. Regulatory procedures are
22 expensive, time consuming, increase uncertainty, and raise doubts in investor
23 minds that regulators will authorize high enough prices and/or price adjustment
24 mechanisms to enable the water utilities to earn fair rates of return. This increases
25 uncertainty about future returns and thus increases risk.

26 Also, investors may be concerned that regulators may delay inclusion of

1 new plant in rate base or not allow part of the dollars invested to be recovered. If
2 such investments are challenged and there is any chance that the Commission will
3 disallow part of the dollars invested or will delay recovery of the costs of those
4 investments, risk increases. From an investor's point of view, it is the *potential* for
5 such disallowances and delays in setting new rates that increases risk. If additional
6 investments were never required, there would be no potential disallowances,
7 delays or possible exclusions and thus investor concerns would never arise and risk
8 would not increase. With the need for increased investments, uncertainty arises
9 and the risk increases.

10 **Q. HAVE YOU STUDIED THE IMPACT OF FINANCING REQUIREMENTS**
11 **ON THE RISK AND COSTS OF CAPITAL FACED BY UTILITIES?**

12 A. Yes, I have. In the past, I conducted a study of expected differences in bond costs
13 and common equity costs that faced utilities with different financing requirements.
14 I found that utilities with above average financing requirements required an ROE
15 that was approximately 80 basis points higher than was required by other utilities.
16 Higher financing requirements pushed up bond costs, too.

17 **Q. DOES UNCERTAINTY WITH RESPECT TO WEATHER INCREASE**
18 **RISK?**

19 A. Yes. If it is too wet or if it is too dry, water utilities cannot expect to recover all of
20 their fixed costs. If it is too wet, sales of water decrease and fixed costs expected
21 to be collected in commodity charges are not received. If it is very dry, there may
22 be forced or voluntary conservation and reductions in supplies of water that reduce
23 potential sales. There is risk of unexpected cost increases and risk of full recovery
24 of fixed costs.

25 **Q. IS ARIZONA-AMERICAN MORE RISKY THAN THE WATER**
26 **UTILITIES IN THE SAMPLE YOU HAVE USED TO DETERMINE**

1 **EQUITY COSTS?**

2 A. Yes. Arizona-American has a number of factors that makes it more risky. It is
3 more leveraged than the four water utilities in the sample, must make larger,
4 uncertain investments to meet a new federal arsenic requirement and operates in a
5 state where historic test years instead of future test years are used to set rates.
6 These factors increase Arizona-American's risk and required ROE.

7 **Q. WHAT IS THE IMPACT OF LEVERAGE ON RISK?**

8 A. Leverage increases risk. It is often useful to categorize risks into business risk and
9 financial risk. The more debt a firm has, the more financial risk it has. Business
10 risk is not affected by the amount of leverage, but if a firm has more debt and less
11 equity than another firm with the same amount of business risk, the more
12 leveraged firm will be more risky.

13 **Q. DOES A FIRM'S COST OF EQUITY CHANGE WITH CHANGES IN**
14 **LEVERAGE?**

15 A. Yes. Financial principles indicate unequivocally that if two firms have the same
16 level of business risk, the firm with more debt has a higher cost of equity. In past
17 cases, witnesses for Staff and RUCO have recognized this fundamental finance
18 principle.

19 **Q. DOES ARIZONA-AMERICAN HAVE MORE LEVERAGE THAN THE**
20 **AVERAGE WATER UTILITY IN THE SAMPLE YOU HAVE ADOPTED**
21 **TO ESTIMATE DCF EQUITY COSTS?**

22 A. Yes, it does. Table 1 shows Arizona-American's common equity ratio and the
23 average common equity ratio for the sample of water utilities I use to estimate the
24 cost of equity. Arizona-American is more highly leveraged.

25 **Q. HAVE YOU PREPARED A TABLE TO SHOW HOW THE COST OF**
26 **EQUITY INCREASES AS LEVERAGE INCREASES?**

1 A. Yes. Table 5 shows how the cost of equity increases as leverage increases. Based
2 on finance theory, I have assumed the overall incremental cost of capital stays the
3 same if a water utility takes on more financial risk than the average water utility.²
4 Arizona-American has an equity ratio of approximately 40% supporting its
5 operations. That 40% equity ratio compares to the average for the sample water
6 utilities of 50%. Table 5 indicates that with an equity ratio of 40% the cost of
7 equity for a water utility is expected to be 80 to 90 basis points higher than it is for
8 the average utility in the water utilities sample I use to determine DCF equity
9 costs.

10 Q. **BASED ON A CONSIDERATION OF FINANCIAL RISK, DOES**
11 **ARIZONA-AMERICAN REQUIRE A HIGHER ROE THAN THE WATER**
12 **UTILITIES IN YOUR WATER UTILITIES SAMPLE?**

13 A. Yes, it does. In past cases, Staff has recognized that additional financial risk
14 justifies a higher than average ROE. Table 5 shows that the additional financial
15 risk of Arizona-American justifies a risk premium of 80 to 90 basis points. To be
16 conservative, however, I recommend adding only 60 basis points to recognize
17 Arizona-American's additional financial risk.

18 Q. **PLEASE TURN TO YOUR COMMENTS ABOUT BUSINESS RISK. DOES**
19 **ARIZONA-AMERICAN HAVE LARGER AND MORE UNCERTAIN**
20 **INVESTMENT REQUIREMENTS THAN WATER UTILITIES NOT**
21 **OPERATING IN ARIZONA?**

22 A. Yes. A particular concern in Arizona is the federal government's revision of the

23 ² The basis for this theory goes back to Franco Modigliani and Merton Miller, "The Cost
24 of Capital, Corporation Finance, and the Theory of Investment," *American Economic*
25 *Review*, 48 No. 3 (June 1958), 261-297. Based on this theory, within a reasonable range
26 of common equity ratios, "leverage may not matter" and thus the incremental total cost of
capital will stay the same as leverage increases but common equity costs will increase.
The analysis in Table 5 assumes any tax-savings benefits of debt are passed through to
ratepayers.

1 arsenic drinking water standard from 50 PPB to 10 PPB. Arsenic is naturally
2 occurring and is very prevalent in the southwestern region of the United States.
3 From a risk standpoint, this new regulation will have a much greater impact on
4 water companies in Arizona than on water utilities operating in other parts of the
5 country where arsenic is not a major concern. The utilities in the water utilities
6 sample used to make the benchmark DCF equity cost estimates do not face the
7 same level of exposure to this risk as do companies in Arizona. Thus, this new
8 federal requirement increases Arizona-American's risk when compared to the
9 water utilities in Table 1. With the more stringent arsenic requirement, Arizona-
10 American faces all of the risk that flows from having to make substantial new
11 investments to meet the EPA requirements. Above, I explained that when a utility
12 must make larger investments than other utilities, it becomes more risky.
13 Undoubtedly, Arizona-American will need to make relatively more investments to
14 meet the arsenic MCL than the utilities in Table 1 and thus it is more risky.

15 **Q. DOES BUSINESS RISK INCREASE FOR OTHER REASONS?**

16 A. Yes. Risk also increases because Arizona-American's rates are set based on an
17 historical test period, with limited post test period adjustments. However, rate
18 relief must be requested prior to investments being made, if the utility is to recover
19 all of its costs. If such investments and operating costs are not recognized for
20 Arizona-American because of a strict adherence to an historical test period, the
21 uncertainty of the Company making its authorized ROE will increase substantially.

22 **Q. HAVE YOU ADJUSTED YOUR ESTIMATES OF EQUITY COSTS MADE**
23 **FOR UTILITIES IN YOUR WATER UTILITIES SAMPLE TO REFLECT**
24 **ARIZONA-AMERICAN'S GREATER BUSINESS RISKS?**

25 A. No, I have not. It is my understanding that Staff has refused to adjust
26 recommended ROEs to recognize that water utilities in Arizona have the added

1 business risks I have identified above. Thus, to eliminate an issue and to be
2 conservative, I have not included a risk premium for such added business risks in
3 my recommended ROE.

4 **Q. DOES ARIZONA-AMERICAN REQUIRE A RISK PREMIUM ABOVE**
5 **EQUITY COSTS FOR WATER UTILITIES IN YOUR SAMPLE?**

6 A. Yes. Considerations of financial risk alone justify an adder for Arizona-American
7 of more than 60 basis points and thus it is a conservative measure of the risk
8 premium that Arizona-American requires.

9 **V. DCF ANALYSES**

10 **Q. DO YOU HAVE ANY GENERAL OBSERVATIONS ABOUT FINANCIAL**
11 **CONDITIONS AND FORECASTS THAT PROVIDE PERSPECTIVE**
12 **ABOUT THE COST OF EQUITY NOW FACED BY ARIZONA-**
13 **AMERICAN?**

14 A. Yes. Table 6 shows that, with the exception of 2000, interest rates for Baa
15 corporate bonds are forecasted to be higher than they were in every year since
16 1996. Although current yield for Baa bonds of 7.84% is within the range that
17 prevailed from 1996 to 2001, a consensus of institutional forecasts complied by
18 Blue Chip indicates Baa rates are expected to increase to 8.1% by early 2003 and
19 up to 8.2% in 2004. To the extent that changes in interest rates reflect changes in
20 costs of equity for Arizona-American, the Company's current cost of equity is no
21 lower today than it was during the last six years.

22 **Q. DO YOU HAVE ANY OTHER GENERAL OBSERVATIONS?**

23 A. Yes. As shown in Table 7, authorized ROEs for larger Arizona water, sewer and
24 gas utilities (prior to the ROE award for Arizona Water Company's Northern
25 Group in December 2001) fell in a range of 10.5% to 12.0% when Baa rates fell in
26 a range of 7.22% to 8.37%. Also during the period 1997 to 1999, when Baa rates

1 fell in a range of 7.22% to 7.88%, evidence supporting an appropriate ROE for
2 Paradise Valley Water (now Arizona-American)³ was presented, considered and
3 reconsidered, and the Commission authorized a ROE of 11%. The equity cost
4 estimates I present below are consistent with current and forecasted Baa rates
5 being the same or slightly higher than rates prevailing when the 11% ROE for
6 Paradise Valley Water was established and the 10.5% to 12.0% range of ROEs
7 shown in Table 7 were authorized for other Arizona water, sewer and gas utilities.

8 **Q. WAIT A MINUTE. STAFF HAS ARGUED THAT AUTHORIZED ROEs**
9 **SHOULD BE SET AT LOWER RATES TODAY THAN IN THE PAST.**
10 **ARE THERE ANY GENERAL CHANGES IN CREDIT CONDITIONS**
11 **THAT INDICATE THE COST OF EQUITY IS LOWER TODAY THAN IN**
12 **THE PERIOD 1996 TO NOVEMBER 2001?**

13 **A.** No. Interest rates are not lower. And, if anything, the stock market is more
14 volatile and more risky. Recent Staff recommendations to set authorized ROEs at
15 much lower levels than in the past are not the result of changes in interest rates or a
16 reduction in the risk faced by Arizona utilities. Instead, they are the result of
17 changes in the methods, opinions and assumptions now being used by Staff to
18 estimate equity costs.

19 **Q. PLEASE PROVIDE AN OVERVIEW OF YOUR APPROACH TO THE**
20 **DETERMINATION OF DCF EQUITY COST ESTIMATES.**

21 **A.** An ROE for Arizona-American that is fair to ratepayers, allows Arizona-American
22 to attract capital on reasonable terms, and maintain its financial integrity is
23 Arizona-American's cost of equity. As I explained above, that return should be
24 commensurate with returns investors expect to earn on investments of comparable
25 risk. To estimate that cost of equity, the analyst requires market data that reveal

26 ³Paradise Valley Water's name was changed in 2001 to Arizona-American.

1 investors' required returns, but such data are not available for Arizona-American.
2 There is no "pure play" company that is perfectly comparable to Arizona-
3 American. The water utilities in Table 1, however, provide the same service and
4 thus provide a useful starting point in the determination of Arizona-American's
5 cost of equity. As shown in Table 4, the utilities in the gas utilities sample used to
6 make additional equity cost estimates have beta risk and Safety Ranks comparable
7 to the sample water utilities and thus equity costs based on that gas utility sample
8 also provides another useful equity cost benchmark.

9 As explained above, Arizona-American is more risky than the sample water
10 utilities and gas utilities because it is more leveraged than the companies in Table
11 1. In this section of my testimony, I determine average equity costs for the two
12 utility samples based on the DCF model. I also provide a check on that range of
13 equity cost estimates by computing internal rates of return for Middlesex Water
14 and Connecticut Water Service that are consistent with market data and reasonable
15 expected premiums if those utilities are acquired or in mergers. Arizona-
16 American's equity cost is higher than those benchmark estimates because it is
17 more risky and thus I add 60 basis points to those equity cost estimates to
18 determine the cost of equity for Arizona-American.

19 **Q. PLEASE EXPLAIN THE DCF METHOD OF ESTIMATING THE COST**
20 **OF EQUITY.**

21 **A.** The DCF model computes the cost of equity as the sum of an expected dividend
22 yield (" D_1/P_0 ") and expected dividend growth (" g "). The expected dividend yield
23 is computed as the ratio of next period's expected dividend (" D_1 ") divided by the
24 current stock price (" P_0 "). Generally, the constant growth model is computed with
25 formula (1) or (2):

26 (1) Equity Cost = $D_0/P_0 \times (1 + g) + g$

$$(2) \quad \text{Equity Cost} = D_1/P_0 + g$$

where D_0/P_0 is the current dividend yield and D_1/P_0 is found by increasing the current yield by the growth rate. The DCF model is derived from the valuation model shown in equation 3 below:

$$(3) \quad P_0 = D_1/(1+k) + D_2/(1+k)^2 + \dots + D_n/(1+k)^n,$$

or, alternatively,

$$(4) \quad P_0 = D_1/(1+k) + D_2/(1+k)^2 + E(P_2)/(1+k)^2,$$

where, if no premium price is expected,

$$(5) \quad E(P_2) = D_3/(1+k) + D_4/(1+k)^2 + \dots + D_n/(1+k)^n,$$

and where k is the cost of equity; n is a large number; P_0 is the current stock price, D_1, D_2, \dots, D_n are the cash flows expected to be received in periods 1, 2, \dots, n , respectively. In the case of an expected acquisition or merger, P_2 is the price the investor expects to receive at the end of the second period (be it cash or the value of securities offered in a merger).

Q. DO YOU HAVE ANY SPECIAL CONCERNS WITH USING THE DCF MODEL TO ESTIMATE EQUITY COSTS FOR WATER UTILITIES AT THIS TIME?

A. Yes. If investors believe a water utility is a potential merger/acquisition candidate, its stock price will increase to reflect the probability and value expected from the merger/acquisition. Table 2 reports premiums investors have recently received or expect to receive from mergers and acquisitions have been in a range of 35% to 59%. With reference to equation (4) above, if investors expect similar premiums for a water utility, the current price (P_0) will be bid up to reflect the expected price from the acquisition, $E(P_2)$, instead of the stream of future cash flows shown in equation (5). In such a situation, investors do not expect a simple pattern of growth in cash flows. Therefore, the constant growth DCF model no longer

1 applies, and mechanical application of the constant growth DCF model will
2 understate the cost of equity.

3 **Q. GIVEN YOUR CONCERNS WITH MARKET PRICES FOR WATER**
4 **UTILITY STOCKS REFLECTING POTENTIAL FUTURE PREMIUMS**
5 **FROM MERGERS, HOW HAVE YOU PROCEEDED IN THIS CASE?**

6 A. Initially, I use data for the four water utilities in Table 1 and data for the gas
7 utilities in Table 3 to make DCF equity cost estimates with equation (2). Because
8 all water utilities may have prices somewhat biased upward as investors bid up
9 prices in anticipation of the next, currently unknown, acquisition offer, the DCF
10 equity cost estimate for the comparable risk gas utilities becomes very important in
11 my considerations. I also use equation (4) – which is essentially the DCF model
12 written in a different way – to solve for the cost of equity (“k”) as an internal rate
13 of return that equates the current price investors are willing to pay for Middlesex
14 Water and Connecticut Water Service with current dividends, initial and longer-
15 term estimates of dividend growth, and a range of premiums investors could
16 reasonably expect from future sales of those companies. As explained above, I
17 singled out Middlesex Water and Connecticut Water Service from the other water
18 utilities based on the relatively high price increases investors have paid for the
19 stocks of those companies in the last 3 years.

20 **Q. WHAT WATER UTILITY SAMPLE HAVE YOU USED TO MAKE YOUR**
21 **BENCHMARK DCF EQUITY COST ESTIMATES?**

22 A. I use the sample composed of American States Water, California Water Service,
23 Philadelphia Suburban Corporation and SJW Corp. As stated, these four
24 companies are all of the water utilities relied upon by Staff in its estimates of DCF
25 equity costs in the Green Valley Water Company case in February 2002 that have
26 more than 60% of their revenues coming from water utility operations, are not

1 currently involved in merger transactions and are not likely acquisition candidates.
2 My DCF equity cost range for this sample is reported in Table 13.

3 **Q. HOW DID YOU COMPUTE CURRENT DIVIDEND YIELDS?**

4 A. The current dividend yield (" D_0/P_0 ") is computed as the average of the highest and
5 lowest dividend yields during two periods ending in July 2002. The value for D_0 is
6 computed as the sum of the current indicated quarterly dividend and the three prior
7 quarterly dividends for each stock. The high and low prices used to compute the
8 dividend yields are found from data for the most recent 3-month and 12-month
9 periods. Estimates of current dividend yields (in equation 1, " D_0/P_0 ") are reported
10 in Table 8.

11 **Q. HOW DID YOU ESTIMATE GROWTH RATES?**

12 A. In estimating growth rates, I assume investors rely upon an average of analysts'
13 forecasts of future sustainable growth and forecasts of future EPS growth when
14 they form their opinions about future expected growth prospects. To the extent
15 that past DPS and EPS growth provide an indication of future growth prospects,
16 analysts take such past information into account when they form their forecasts of
17 the future.⁴ Once such growth estimates are made, investors buy or sell shares of
18 the stocks until the expected return from the dividend yields plus the growth
19 projections equal the investors' discount rate.

20 **Q. WHAT DO YOU MEAN BY THE "INVESTORS' DISCOUNT RATE"?**

21
22 ⁴ This statement is consistent with an empirical study conducted by David A. Gordon,
23 Myron J. Gordon and Lawrence I. Gould "Choice Among Methods of Share Yield,"
24 *Journal of Portfolio Management* (Spring 1989), pp. 50-55. They found that a consensus
25 of analysts' forecasts of earnings per share for the next five years provides a more
26 accurate estimate of growth required in the DCF model than 3 different historical
measures of growth. They explain that this result makes sense because analysts would
take into account such past growth as indicators of future growth as well as any new
information. As a result, one should expect analysts' forecasts of growth to be superior
measures of growth required by the DCF model.

1 A. By "investors' discount rate" I mean the discount rate that is relevant for the
2 particular stock for the investors who last bought and sold it.⁵ It is the discount
3 rate that will just make the present value of all expected future cash distributions to
4 those investors equal to the market price for a share of stock. That discount rate is
5 also the cost of equity. It is the discount rate where the supply of shares of the
6 stock equal the demand for shares of the stock.

7 **Q. WHAT IS SUSTAINABLE GROWTH?**

8 A. Sustainable growth is a useful indicator of DCF growth that can continue for a
9 relatively long future period of time. Generally, it is derived by combining
10 expected growth from future internal sources (retained earnings) and expected
11 future growth from external sources (sales of common stock above book value).

12 **Q. HAS THIS MEASURE OF DCF GROWTH BEEN DISCUSSED IN THE**
13 **FINANCE LITERATURE?**

14 A. Yes, it has. Myron Gordon is sometimes called the father of the DCF model. In
15 his 1974 book,⁶ Gordon explains that sustainable growth can be expected to come
16 from two sources: from retained earnings ("BR" growth) and from sales of
17 common stock when prices exceed book value ("VS" growth) in the following
18 formula:

19
$$g = BR + VS,$$

20 where

21 $g =$ sustainable growth,

22 $B =$ the retention ratio,⁷

23 ⁵ These investors are called the "marginal" investors. Other investors, not on the margin,
24 may have higher discount rates and thus do not buy the stock or lower discount rates and
thus retain their positions in the stock.

25 ⁶ M. J. Gordon, The Cost of Capital to a Public Utility (Michigan State University, 1974).

26 ⁷ The retention ratio is computed as $(1 - \text{the ratio of dividends divided by earnings})$.

1 R = the expected rate of return on common equity,
2 V = 1 - (book value/market value), and
3 S = the fraction of new common equity investors expect a water utility to
4 raise from selling more common stock.

5 Gordon explains why VS growth can be expected when market prices exceed book
6 value but why VS growth is not expected to come into play when market prices are
7 below book values.

8 **Q. HOW DO YOU ESTIMATE EXPECTED BR GROWTH?**

9 A. It is investors' expectations of what the retention ratio ("B") and the expected
10 return on common equity ("R") will be in the future which determine this portion
11 of expected sustainable growth. Multiplying B times R gives the estimate of future
12 sustainable growth from retained earnings. Investors look for measures of future
13 growth when pricing stocks. I have used *Value Line* projections of future returns
14 on equity, future dividends per share and future earnings per share to make the
15 forecasts of BR growth when they were available. This information is probably the
16 most widely available source of forecasted earnings and retention ratios available
17 to investors. For SJW Corp, I have based my estimate of BR growth on an average
18 of historical data⁸ because *Value Line* forecasts are not available. The estimates of
19 BR growth for each of the sample water utilities and the sample average are
20 reported in Table 9.

21 **Q. HAVE YOU ESTIMATED VS GROWTH FOR THE SAMPLE WATER**
22 **UTILITIES?**

23 A. Yes. My estimates of VS growth for the sample of water utilities are presented in
24 Table 10. Water utilities in the sample have sold stock at prices in excess of book

25 ⁸ The averages are based on past DPS, EPS and ROEs for the period 1996 to 2000.
26 Retention ratios assume past growth in DPS and EPS continues for five years to be
comparable with the estimates for the other water utilities.

1 value in recent years and have thus achieved VS growth. Knowledgeable investors
2 would expect such VS growth in the future. Past history and available forecasts
3 indicate investors expect the water utilities in the sample to issue more shares of
4 stock over time. Thus, there will be a positive "S" in VS growth. Also, the
5 average current market-to-book ratio for the sample of water utility stocks is
6 approximately 2.0. Unless stock prices drop to less than half of their current
7 values, there will be a positive "V" for the foreseeable future.

8 **Q. IN THE GREEN VALLEY WATER CASE, STAFF ARGUED THAT THE**
9 **FINANCIAL IMPLICATIONS OF A MARKET-TO-BOOK RATIO**
10 **GREATER THAN 1.0 IS THAT INVESTORS EXPECT THE SAMPLE**
11 **WATER UTILITIES TO EARN BOOK RETURNS ON EQUITY GREATER**
12 **THAN THEIR COST OF EQUITY. DO YOU AGREE?**

13 **A.** No. There are a number of reasons investors may bid up market prices for stocks
14 above book values other than an expectation that a water utility will earn more
15 than its cost of equity. In testimony presented before the Oregon Public Utilities
16 Commission, Mr. John Thornton, who is now the Commission's Chief of the
17 Accounting and Rates Section, listed the following six reasons: (1) public utility
18 commissions do not issues orders simultaneously in all jurisdictions; (2) not all of
19 a company's earnings are regulated; (3) regulatory expenses, revenue and rate base
20 adjustments may cause accounting returns to differ from those calculated on a rate
21 case basis; (4) actual sales do not equal sales assumed in a rate case; (5) market
22 expected ROEs change frequently while rate-case authorized ROEs do not; and (6)
23 regulated subsidiaries constitute only a piece of a holding company pie.⁹ While I
24 agree with Mr. Thornton that those six factors may explain a market price being

25
26 ⁹ Testimony filed by agency staff in Oregon Public Utility Commission case UM 903,
dated November 9, 1998.

1 above book value even if investors expect the water utility to earn no more than its
2 cost of equity, there are at least four more obvious reasons.

3 **Q. WHAT IS THE SEVENTH REASON?**

4 A. As discussed above, the Arizona Constitution and decisions by the Arizona courts
5 require rates and revenue requirements to be based on the fair value of the utility's
6 property at the time of inquiry, not an OCRB. Thus, it is clear that in Arizona, at
7 least, investors should expect that market prices for shares of common stock for
8 utilities that have a FVRB that is larger than the OCRB to exceed book values
9 even if the utility is earning no more than its cost of equity.

10 **Q. LET'S TURN TO COMMON STOCKS IN YOUR SAMPLE THAT DO NOT**
11 **PRIMARILY OPERATE IN ARIZONA. WHAT ABOUT THEM?**

12 A. There are least three other reasons that market prices will exceed book values even
13 in states where OCRB is the basis for regulation. The eighth is based on the
14 concept of opportunity cost. Table 11 shows earned ROEs, authorized ROES and
15 market-to-book ratios for companies *C. A. Turner* included in its water utility
16 category and market-to-book ratios for 721 industrial companies in what *Value*
17 *Line* calls its Industrial Composite. This table shows that the level of market-to-
18 book ratios for industrial companies provides another explanation why market-to-
19 book ratios for water utilities exceed 1.0 even though water utilities have, on
20 average, earned less than their costs of equity. Quite simply, as the composite
21 market-to-book ratio for industrial companies has increased, so has the market-to-
22 book ratio for water utilities, but by less. Investors take into account alternative
23 returns that can be made from investing in industrial stocks, i.e., opportunity costs,
24 as well as ROEs earned by water utilities.

25 **Q. WHAT IS THE NINTH REASON?**

26 A. It is that investors may expect a city or some other public entity to condemn all or

1 part of a water utility and that the public entity will be required by a court to pay
2 the utility the fair market value for it. Water utilities typically have assets that
3 have a value based on reproduction cost new that exceed book value. I have
4 testified on the value of water utility properties and electric utility properties in
5 various court cases in California, Utah and Oregon. Based on my experience, in
6 situations where only a portion of the utility is being condemned, valuations based
7 on both reproduction cost new less depreciation and the income approach indicate
8 utility property has a value well in excess of book value. Investors would be aware
9 that courts can be expected to award potential condemnation values well in excess
10 of book values even if the utility earns no more than its cost of equity.

11 **Q. WHAT IS THE TENTH REASON?**

12 **A.** The tenth reason is based on investors recognizing merger and acquisition prices
13 reported in Table 2, that have been well above book values, can be expected if the
14 water utility is acquired. Three years ago, *Value Line* advised investors that those
15 acquisition prices could be as much as four times book value.¹⁰ With such
16 anticipated sale prices well above book values, a water utility would also be priced
17 above book value even if the water utility made no more than its cost of equity.

18 Naive arithmetic models may suggest market prices would not be above
19 book values unless investors expected water utilities to earn more than their costs
20 of equity. The ten reasons listed above explain why one should not be surprised to
21 find market prices exceed book values. Such naive models are too simple to
22 explain all of the things of importance to investors and why it is reasonable to
23 expect a positive value for "V" even if water utilities are expected to earn no more
24 than their costs of equity. If mechanically applied, such models would place

25 ¹⁰ *Value Line* said, "Investors who hold shares of an acquisition target are poised to profit
26 handsomely, since some purchases have been for as much as four times book value."
Value Line Investment Survey, August 6, 1999, page 1405 (copy attached).

1 utilities at a disadvantage in competing for investment capital with industrials and
2 other unregulated companies, whose stock trades well above book value.

3 **Q. IF YOU DID NOT INCLUDE AN ESTIMATE OF VS GROWTH IN YOUR**
4 **ESTIMATES OF SUSTAINABLE GROWTH, WOULD YOU HAVE TO**
5 **ADJUST YOUR EQUITY COST ESTIMATES?**

6 **A.** Yes. If the sample water utilities are expected to issue more shares of common
7 stock in the future (i.e., "S" is expected to be positive), but VS growth is excluded
8 by the analyst, the exclusion of VS growth implies a hypothetical market price
9 equal to book value and thus the value for "V" would be zero. But if such a
10 hypothetical stock price is assumed for the sample water utilities, for consistency,
11 the hypothetical price should also be assumed to be equal to book value to
12 compute dividend yields. In that case, the hypothetical stock price would be lower
13 and the dividend yield would have to double. This increase in average dividend
14 yield (of about 350 basis points) would more than offset the elimination of VS
15 growth (of approximately 130 basis points). Therefore, if consistent assumptions
16 are made and only BR growth is recognized in the DCF analysis for water utilities,
17 the implied average cost of equity increases by more than 200 basis points.

18 **Q. DO YOU ADVOCATE USING SUCH HYPOTHETICAL PRICES IN THE**
19 **DCF ANALYSIS?**

20 **A.** No. A market-based cost of equity estimate should recognize VS growth and real
21 market prices. The evidence indicates that investors can realistically expect both
22 V and S to be positive, and thus stock prices (and dividend yields) already reflect
23 expected VS growth. If investors expect VS growth for the water utilities sample
24 and it is not recognized by the analyst, the analyst's estimate of the cost of equity
25 will be biased downward.

26 **Q. SHOULD THE COMMISSION RECOGNIZE VS GROWTH EVEN IF**

1 **ARIZONA-AMERICAN DOES NOT PLAN TO ISSUES SHARES OF**
2 **COMMON STOCK TO THE PUBLIC?**

3 A. Yes. VS growth is part of the growth investors could reasonably expect for the
4 water utilities' sample being used to estimate the equity cost; it has nothing to do
5 with whether Arizona-American does or does not issue shares of common stock.
6 If investors expect VS growth for the water utilities sample and it is not recognized
7 in the estimate of sustainable growth, the cost of equity for the sample water
8 utilities will be understated. The inclusion of VS growth is required to obtain a
9 correct estimate of the cost of equity.

10 **Q. WHAT IS YOUR ESTIMATE OF AVERAGE SUSTAINABLE GROWTH?**

11 A. Combining the evidence on expected VS and BR growth rates, the estimate of total
12 sustainable growth is 7.4%. That value is developed in Table 9.

13 **Q. ARE THERE OTHER INDICATORS OF FUTURE GROWTH THAT**
14 **INVESTORS MAY RELY UPON WHEN PRICING SHARES OF WATER**
15 **UTILITY COMMON STOCKS?**

16 A. Yes. Other estimates of forward-looking growth available to investors are
17 analysts' forecasts of future EPS growth. Table 12 shows estimates of future EPS
18 growth rates reported by *First Call* for American States Water and Philadelphia
19 Suburban as well as the analysts' average forecast for the water utility industry.
20 There are few analysts that follow water utility stocks, and even if there is a
21 reported five-year EPS forecast, it may be one made by a single analyst and thus is
22 not a consensus forecast. As a result, I have relied upon the industry average
23 forecast reported by *First Call* in my analysis instead of the limited data for the
24 companies. I have also considered *Value Line's* forecasts of EPS growth for the
25 water utilities for which those forecasts are available. The average of analysts'
26 forecasts and *Value Line* forecasts is 7.1% at this time, which is close to my 7.4%

1 estimate of sustainable growth.

2 **Q. HOW DID YOU UTILIZE THIS INFORMATION ON DIVIDEND YIELDS**
3 **AND ESTIMATED FUTURE GROWTH TO MAKE YOUR DCF**
4 **ESTIMATE?**

5 A. I adopted an average of my estimate of sustainable growth and analysts' forecasts
6 of growth to determine an overall average growth of 7.2%. I then used the
7 constant growth DCF model specified in equation (1) to compute the DCF equity
8 cost range for the water utilities sample. Table 13 shows the application of this
9 specification of the DCF model to determine the estimated equity cost of 11.1%
10 for the water utilities sample.

11 This estimate of the cost of equity for the water utilities sample, however,
12 understates Arizona-American's equity cost. As explained above, Arizona-
13 American is more leveraged and thus its cost of equity is at least 60 basis points
14 higher than the cost of equity for the typical water utility in the sample.
15 Recognizing the premium for this added risk, the information for the sample water
16 utilities indicates the cost of equity for Arizona-American is 11.7%.

17 **Q. DID YOU DEVELOP A SECOND ESTIMATE OF THE COST OF EQUITY**
18 **WITH THE DCF MODEL?**

19 A. Yes. Another benchmark DCF estimate of the cost of equity was derived from
20 similar data and a comparable analysis for the sample of gas utilities in Table 3.
21 Table 4 shows the average gas utility in that sample has approximately the same
22 risk as the average utility in the water utilities sample. The utilities in the gas
23 utilities sample are all of the gas utilities relied upon by Staff to determine equity
24 costs in the Black Mountain Gas Company rate case, Docket No. G-03703A-01-
25 0263, that have at least 60% of their revenues from gas operations (as reported by
26 *C. A. Turner Utility Reports*), are not being investigated for fraud, are not a gas

1 producer and have at least one bond rating of A or better published by Moody's or
2 S&P. To be conservative, I reduce the equity costs for the gas utilities sample by
3 50 basis points to determine another estimate of the required ROE for a water
4 utility of risk comparable to the water utilities sample. I then add 60 basis points
5 to the adjusted equity cost estimate to determine another equity cost estimate for
6 Arizona-American.

7 **Q. WHERE DID YOU CALCULATE DIVIDEND YIELDS FOR THE GAS**
8 **UTILITIES SAMPLE?**

9 A. Table 14 shows the calculation of current dividend yields for the three-month and
10 the twelve-month periods ending in July 2002.

11 **Q. WHAT IS SHOWN IN TABLE 15?**

12 A. Table 15 shows my calculations of BR growth based on *Value Line* forecasts for
13 utilities in the gas utilities sample, VS growth and average sustainable growth. I
14 used the same method to compute BR growth for the gas utilities that I used to
15 compute BR growth for the utilities in the water utilities sample.

16 **Q. WHERE DID YOU DEVELOP THE ESTIMATES OF VS GROWTH?**

17 A. In Table 16. Because the gas utilities are not expected to issue as many shares of
18 common stock as the utilities in the water utilities sample and have lower market-
19 to-book ratios, the estimated VS growth is smaller than it is for the water utilities.

20 **Q. WHAT IS YOUR ESTIMATE OF AVERAGE SUSTAINABLE GROWTH?**

21 A. 5.9%. That growth rate for the gas utilities is developed in Table 15.

22 **Q. HAVE YOU ALSO EXAMINED ANALYSTS' FORECASTS OF FUTURE**
23 **EPS GROWTH?**

24 A. Yes, I have. Analysts' forecasts of EPS growth for the next five years are
25 available to investors from a number of sources. Table 17 shows averages of
26 analysts' forecasts as reported by *First Call* as well as forecasts published by

1 *Value Line.* The average of those forecasts is 6.4%.

2 **Q. WHERE DO YOU REPORT THE RESULTS OF YOUR DCF ANALYSIS**
3 **FOR THE GAS UTILITIES?**

4 A. Table 18 reports the results of the DCF analysis for the gas utilities sample. In
5 making these estimates, I have adopted a growth rate of 6.1%, the average of the
6 estimates of sustainable growth and analysts' forecasts of growth. To determine
7 the equity cost that is a proxy for the cost of equity of the water utilities sample, I
8 reduced the equity cost estimates shown in Table 18 by 50 basis points, but then
9 add 60 basis points to reflect the higher financial risk of Arizona-American. These
10 data indicate that Arizona-American has an equity cost that falls in a range of
11 12.0% to 12.1%.

12 **Q. PLEASE TURN TO YOUR ANALYSIS OF EQUITY COSTS FOR**
13 **MIDDLESEX WATER AND CONNECTICUT WATER SERVICE. WHY**
14 **ARE YOU CONCERNED ABOUT INCLUDING THEM IN THE SAMPLE**
15 **YOU USE TO ESTIMATE EQUITY COSTS WITH A STANDARD DCF**
16 **MODEL?**

17 A. I am concerned because a standard version of the constant growth DCF model
18 produces implausible equity cost estimates. The estimates are implausible because
19 they are below the cost of investment grade bonds. This can be seen by calculating
20 equity costs for them with data previously presented by Staff in the Green Valley
21 Water Company rate case. In that case, Staff estimated these companies would
22 have approximately 4% growth. Table 19 shows the range of prices paid for
23 shares of Connecticut Water Service and Middlesex Water during the last three
24 months. With average dividend yields of 3.28% and 3.84%, the constant growth
25 DCF model would indicate the equity cost for those companies would fall in a
26 range of 7.4% to 8.0%. Such an equity cost range is not credible when the market

1 cost of investment grade bonds is currently 7.84% and is expected to rise to 8.2%.
2 See Table 6. Obviously, something else must be going on in the minds of
3 investors. Risk adverse investors would not bid up stock prices so high that they
4 expect a return from common stocks that is about the same as the return on lower
5 risk bonds.

6 **Q. WHAT DID YOU DO?**

7 A. I used a different approach to estimate a range of equity costs for Middlesex Water
8 and Connecticut Water Service based on evidence that indicates their stock prices
9 include an anticipated stock price premium resulting from either a future merger or
10 being acquired. Table 2 shows that from 1999 to the present, there have been a
11 number of mergers and acquisitions in which investors have received premiums of
12 between 35% and 59% at the time the merger/acquisition were concluded.
13 Between December 1998 and December 2001, re-invested returns for American
14 Water Works, American States Water, California Water and Philadelphia
15 Suburban increased by 32.3%. During that same period, Middlesex Water's
16 common shares provided a re-invested return of 59% and Connecticut Water
17 Service shares provided a re-invested return of 89%, increases that were 20% and
18 39%, respectively, higher than the average increases for other water utilities. The
19 obvious explanation for the above-average increases in common stock prices for
20 Connecticut Water Service and Middlesex Water is that investors expect them to
21 be acquired at a premium or receive favorable compensation from a merger similar
22 to those premiums received by the water utilities listed in Table 2.

23 **Q. IS IT REASONABLE FOR INVESTORS TO EXPECT SUCH PREMIUMS?**

24 A. Yes. As mentioned above, three years ago *Value Line* advised investors that
25 owners of water utilities that were acquired could receive premiums of as much as
26 four times book value. *Value Line Investment Survey*, August 6, 1999, page 1405

1 (copy attached). More recently, *Value Line* has pointed out on numerous occasions
2 that the smaller water utilities are logical merger/acquisition candidates and that
3 such mergers are justified by potential cost savings, obtaining more customers and
4 greater geographical diversity. The cost savings are expected from economies of
5 scale, synergies and lower costs of financing that are available to larger firms. See
6 *Value Line Investment Survey*, May 3, 2002, page 1420 (copy attached).

7 **Q. HOW DID YOU ESTIMATE THE RANGE OF EQUITY COSTS FOR THE**
8 **TWO WATER UTILITIES?**

9 A. I based my estimates on the version of the DCF model I have identified as
10 equation (4) above and assumed investors expect to receive a premium price when
11 the stock is sold. I compute that premium price by increasing the price that would
12 be computed with equation (5) by a potential range in premiums investors could
13 expect based on past premiums reported in Table 2. In order to determine the
14 equity cost, I solve for the internal rate of return that makes the expected cash
15 flows on the right-hand side of equation (4) equal to the price investors are willing
16 to pay today, P_0 on the left-hand side of equation (4).

17 **Q. WHAT IS SHOWN IN TABLE 19?**

18 A. To avoid potential bias by choosing a "spot" price and to avoid potential criticism
19 by using an average price, I have computed the equity cost estimates assuming the
20 current price (P_0) is either the highest or the lowest price during the last three
21 months. Table 19 also shows the price that would be paid to buy one share of
22 stock of each company at the highest and the lowest prices during the last 3
23 months and the dividends received from the two shares.

24 **Q. WHAT IS SHOWN IN TABLE 20?**

25 A. Table 20 shows the results of my internal rate of return analysis. I do not know
26 exactly what premiums investors expect to receive when and if the stocks are

1 acquired or the Company's merge and thus have made my analysis with ranges of
2 premiums and ranges of time in which the acquisition/merger is expected to occur.
3 I have assumed investors expect to receive a premium within the range of
4 premiums shown in Table 2 that owners of other water utilities received. I have
5 also assumed the acquisition/merger is expected to occur between two and three
6 years into the future.

7 **Q. WHAT GROWTH RATES HAVE YOU ASSUMED?**

8 A. There are no widely-available forecasts of DPS growth for either water utility.
9 Thus, for this analysis, I assume Middlesex Water and Connecticut Water Service
10 initially achieve the projected DPS growth Staff relied upon in the Green Valley
11 Water Company case, as reported in Staff Schedule JMR-4, and further assume
12 that rate of growth continues until the time of the merger. For the terminal growth
13 rate, I assume investors expect these utilities to realize the forecasted industry
14 average growth in EPS of 6.75% provided by *First Call* and reported in my Table
15 12.

16 **Q. GOING FROM LEFT TO RIGHT, PLEASE EXPLAIN EACH ENTRY ON**
17 **THE FIRST LINE OF TABLE 20.**

18 A. The first entry is the assumed initial growth in DPS of 3.13%, the projected DPS
19 growth rate Staff relied upon in the Green Valley Water Company case. The
20 second entry is the terminal growth of 6.75%. It is used to determine the terminal
21 price of the stock (see equation (5) above) that would occur if investors did not
22 expect a premium when the stock is sold. The third entry of 35% is the smallest
23 premium from Table 2. The fourth entry is the current dividend; in terms of the
24 DCF models presented above, it is D_0 . Because I have assumed one share of each
25 stock is owned at the beginning of the period, the combined dividend is \$1.64.
26 The fifth entry is the number of years assumed before the merger or acquisition, in

1 this case a three-year period. The sixth entry is the outlay made at the start of the
2 period to buy one share of each stock. Entries 7, 8 and 9 are the positive cash
3 flows investors would expect to receive with the various assumptions. To be
4 conservative, all cash flows are assumed to be received at the end of the years.
5 The final cash flow includes dividends for the year as well as the sale of the stock
6 at a 35% premium over what the price would have been if investors did not expect
7 to sell it at a premium. The final two entries are estimates of the cost of equity.
8 The first of the two is a trial equity cost value that I adjusted until it equaled the
9 internal rate of return computed from the indicated cash flows.

10 **Q. WHAT DO YOU CONCLUDE FROM YOUR INTERNAL RATE OF**
11 **RETURN ANALYSIS?**

12 **A.** I conclude that if investors expect premiums from the sale of these stocks that fall
13 within the range of premiums received in recent past mergers and acquisitions, and
14 if those investors also expect growth in dividends that I assumed, the average
15 equity cost for Middlesex Water and Connecticut Water Service falls in a range of
16 10.4% to 13.2%. These values, of course, depend upon the assumptions being
17 made. While I think the assumptions I have made are reasonable and consistent
18 with available evidence, I do not give this analysis the same weight I give my DCF
19 equity cost estimates. I do note, however, that my estimated DCF equity cost
20 range for the water utilities sample of 11.1% to 11.5% falls well within the range
21 of 10.4% to 13.2% and thus this evidence on the cost of equity for Middlesex
22 Water and Connecticut Water Service is not inconsistent with my other DCF
23 estimates.

24 **VI. RISK PREMIUM AND CAPM ANALYSES**

25 **Q. DOES COMMON STOCK REQUIRE A RISK PREMIUM WHEN**
26 **COMPARED TO BONDS?**

1 A. Yes. There are legal, theoretical and empirical reasons common stock requires a
2 higher return than bonds. Debt payments take precedent over distributions to
3 common stock holders and thus a positive risk premium is expected when
4 determining Arizona-American's cost of equity. Such a risk premium combined
5 with a forward-looking estimate of the cost of debt provides the basis for a risk
6 premium estimate of the cost of equity.

7 **Q. DO YOU EXPECT RISK PREMIUMS TO BE CONSTANT?**

8 A. No. The theoretical work of Gordon and Halpern,¹¹ and numerous empirical
9 studies, including a 1989 study by the staff of the Oregon Public Utility
10 Commission, a 1993 study by the staff of the Virginia State Corporation
11 Commission, and a 1997 decision of the California Public Utilities Commission
12 indicate that changes in the cost of equity, while moving in the same direction as
13 changes in interest rates, are generally smaller than associated changes in interest
14 rates. Thus, risk premiums change in the opposite direction to changes in interest
15 rates. In the past, I have conducted empirical studies for gas utilities,
16 telecommunications companies, and electric utilities which corroborate the Gordon
17 and Halpern theory.

18 **Q. HOW IS THE BALANCE OF THIS SECTION OF YOUR TESTIMONY**
19 **ORGANIZED?**

20 A. I present three equity cost estimates that were made with the risk premium
21 approach. These approaches are based on the assumption that risk premiums
22 which have occurred in the past can be expected to continue into the future. Also,
23 to be complete and provide perspective, I present an estimate of the cost of equity
24 made with the CAPM that is based on updates of methods Staff has used in the

25
26 ¹¹ "Bond Share Yield Spreads Under Uncertain Inflation," American Economic Review,
66 4 (September 1976) 559-565.

1 past to implement the model.

2 **Q. PLEASE EXPLAIN YOUR FIRST RISK PREMIUM ANALYSIS.**

3 A. The first analysis is presented in Table 21. Initially, I combined data on past
4 returns earned by water utilities¹² and Baa corporate bond rates to determine the
5 past relationship between interest rates and realized returns for water utilities.
6 Panel A of Table 21 shows that realized ROEs for water utilities have decreased
7 less than yields on Baa corporate bonds.

8 Next, in this study and the second risk premium study, I assumed that ROEs
9 authorized by regulatory commissions provide, on average, unbiased estimates of
10 the cost of equity facing the utilities at different points in time. Every commission
11 decision will not provide every utility its cost of equity, but given the goals and
12 responsibilities of regulatory commissions, one should expect that, on average, the
13 cost of equity is awarded and thus the various commission determinations provide
14 an unbiased source of data to conduct the risk premium analysis. In Federal
15 Energy Regulatory Commission Docket No. ER93-465-000, *et al.*, the Financial
16 Analysis Branch of FERC also adopted state regulatory commission
17 determinations of authorized ROEs to determine risk premiums for their cost of
18 equity analysis.

19 Data shown in Table 11 indicate that, on average, water utilities have
20 earned 88 basis points less than their authorized ROEs during the period 1991-
21 2001. For the analysis in Table 21, I made the conservative assumption that, on
22 average, costs of equity equal authorized ROEs and are 40 basis points higher than
23 realized ROES to compute the risk premiums.

24 Panel A shows that when Baa corporate bond rates dropped by 83 basis

25 ¹² The data were compiled by the Water and Natural Gas Branch of the California Public
26 Utilities Commission and are reported in Table 2-4 of its report in Application 01-10-028,
dated March 2002.

1 points, ROEs dropped by 30 basis points and risk premiums increased by 53 basis
2 points. In relative terms, those changes mean that for every 100 basis point
3 decrease in the Baa bond rate,¹³ the risk premium has increased by 64 basis points.

4 Panel B of Table 20 takes the data for water utilities developed in Panel A
5 and combines it with a range of consensus forecasts of the Baa bond rates
6 compiled by Blue Chip in June 2002 for the period 2003 to 2004 to compute a
7 forecasted range of equity costs for a typical water utility. That range of
8 forecasted future Baa corporate bond rates combined with the past relationship
9 between Baa corporate rates and water utility ROEs indicates an estimated equity
10 cost of 11.4%. In July 2002, as reported in Table 6, the actual Baa/BBB utility
11 bond rate was 7.84%. With that current Baa/BBB bond rate, the indicated cost of
12 equity for a typical water utility is 11.3%.

13 **Q. PLEASE EXPLAIN YOUR SECOND RISK PREMIUM ANALYSIS.**

14 **A.** A second risk premium analysis was made using data for gas distribution utilities.
15 As in the prior study, ROEs authorized by regulatory commissions for different
16 utilities at different points in time are assumed to equal, on average, the respective
17 costs of equity. My analysis was made with the following model:

$$18 \quad RP_i = A_0 + (A_1 \times Baa_i),$$

19 where RP_i is the risk premium computed by subtracting the measure of the interest
20 rate (Baa corporate bond rate) from the authorized ROE for the particular
21 commission decision, and A_0 and A_1 are the parameters estimated with a statistical
22 regression. If – as expected – risk premiums increase when interest rates fall, the
23 estimated slope (i.e., A_1) will be negative.

24 The results of the regression are shown in Table 22. I used data for 454

25 ¹³ For the last 25 years and 15 years, S&P's average BBB corporate bond rates have been
26 virtually the same as yields on Moody's Baa utility bonds; thus I use the term "Baa bond
rates" interchangeably.

1 different litigated decisions during the period 1982 to 2002 to establish a database
2 for this analysis. The -.51 value for the "slope (A_1)" coefficient means that as Baa
3 corporate bond rates fall, the risk premium goes up. The large t-statistic of -51.4
4 provides statistical support for a conclusion that risk premiums vary inversely with
5 interest rates. The regression result also indicates costs of equity for gas utilities
6 move in the same direction as changes in interest rates but change approximately
7 half as much as the cost of Baa bonds.

8 The results in Table 22 are used to estimate the range in which the cost of
9 equity for a typical water utility falls at this time. In making that estimate, as
10 before, I assumed that the cost of equity for a typical water utility is 50 basis points
11 less than the cost of equity for the typical gas utility. After removing 50 basis
12 points, the evidence in Table 22 indicates an equity cost range of 10.9% to 11.0%
13 for the water utilities sample. This evidence is used to estimate Arizona-
14 American's cost of equity by adding 60 basis points to the estimate of the cost of
15 equity for the water utilities sample to account for Arizona-American's additional
16 financial risk. That calculation indicates Arizona-American has a cost of equity
17 that falls in a range of 11.5% to 11.6%.

18 **Q. PLEASE DISCUSS YOUR THIRD RISK PREMIUM ANALYSIS?**

19 **A.** My third risk premium estimate is made from historical data on actual returns for
20 Moody's gas distribution utility stock index and Baa corporate bond rates for the
21 period 1954 to 2000 displayed in Table 23. In this analysis, I recognized that
22 while realized risk premiums over short periods may differ substantially from
23 investor expectations, over a long period such as 1954 to 2000, the average
24 difference between realized premiums and expected premiums is expected to
25 converge. Thus, the average of annual total market returns on the gas utility stock
26 index less the yield on Baa corporate bonds for the period provide data to derive an

1 estimate of the average risk premium investors have demanded in the past.
2 Assuming investors require the same risk premium in the future as in the past, with
3 a forecasted range of 8.1% to 8.2% for Baa corporate bonds, the estimate of the
4 cost of equity for a typical gas distribution utility falls in the range of 11.8% to
5 11.9%. Again assuming a conservative 50 basis point difference between the
6 required ROE for gas and water utilities, the indicated cost of equity for a typical
7 large water utility falls in the range of 11.3% to 11.4% and Arizona-American's
8 equity cost falls in a range of 11.9% to 12.0%.

9 **Q. HOW DID YOU CONDUCT YOUR CAPM ANALYSIS?**

10 **A.** The capital asset pricing model is written as:

11
$$\text{Equity cost} = \text{RF} + \beta \times \text{MRP},$$

12 where RF, β and MRP are discussed below.

13 There are a number of different ways to implement the CAPM. To be
14 conservative and to reduce controversy, I have implemented the model as was
15 done by Staff in the Green Valley Water Company rate case, with one exception.
16 The exception is my choice of a long-term Treasury security as the measure of the
17 "RF", the risk-free asset (i.e., an asset with a beta of zero). Staff adopted
18 intermediate-term Treasury securities as its measure of RF.¹⁴ The current yield, as
19 of July 25, 2002, on long-term Treasury bonds of 5.3% is adopted as the expected

20
21 ¹⁴ Results of empirical studies of the CAPM and modification of the assumptions of the
22 original (Sharpe-Lintner) CAPM both indicate the required return for the zero beta asset
23 is higher than the yield on long-term Treasury securities and even higher than the return
24 on intermediate-term Treasury notes or Treasury bills. The empirical results mean that
25 equity costs for low beta stocks (such as most utility stocks) will be under-estimated if an
26 asset with a relatively low return is adopted as the zero-beta asset. To be conservative, I
have adopted the return for the Treasury security with the highest published return. It
should be recognized, however, that my choice will bias downward equity cost estimates
for low beta stocks and thus my CAPM estimates are conservative. Staff's choice of an
intermediate-term Treasury security return as the measure of RF will be even further
biased downward than my estimates.

1 return for that long-term Treasury bond.

2 **Q. WHAT DO YOU ADOPT AS YOUR ESTIMATE OF β ?**

3 A. Staff's implementation of CAPM requires an estimate of β , the beta-risk of the
4 typical water utility at issue. I have adopted an average of the betas reported by
5 *Value Line* in its Standard Edition for American States, California Water and
6 Philadelphia Suburban as my estimate of beta risk. These betas are widely
7 available and would be known by investors. They are reported in Table 4. An
8 average of these beta estimates is .62.¹⁵

9 **Q. WHY HAVEN'T YOU CONSIDERED BETA ESTIMATES FOR THE**
10 **WATER UTILITIES IN VALUE LINE'S SMALL AND MID-CAP**
11 **EDITION?**

12 A. *Value Line* publishes betas for Connecticut Water Service, Middlesex Water and
13 SJW Corp in its *Small and Mid-Cap Edition* (formerly the *Expanded Edition*). The
14 academic literature indicates, however, that those beta estimates will be biased
15 downward because they are estimated with weekly data. Smaller companies
16 typically have stocks that are not traded as often as larger stocks. Richard Roll
17 concluded, "trading infrequency seems to be a powerful cause of bias in [beta] risk
18 assessments with short-interval data. Rather severe bias is induced in daily data
19 and the bias is still large and significant with returns measured over intervals as
20 long as one month."¹⁶ Ibbotson Associates have reached the same conclusion and
21 have explained that for relatively small, thinly-traded stocks – such as Connecticut

22
23 ¹⁵ The approach taken here recognizes that *Value Line* betas are probably the most widely
24 available estimates of betas available to investors. To the extent that investors consider
25 betas when pricing common stocks, it is assumed that this source of data is relied upon.

26 ¹⁶ Richard Roll, "A Possible Explanation of the Small Firm Effect," October, 1980,
unpublished manuscript, Graduate School of Management University of California Los
Angeles.

1 Water Service, Middlesex Water and SJW Corp – superior estimates of betas can
2 be made with annual data instead of weekly data used by *Value Line*.¹⁷ Based on
3 this expected bias, I have excluded beta estimates for these small water utilities.

4 **Q. HOW DID YOU ESTIMATE THE EXPECTED MARKET RISK**
5 **PREMIUM?**

6 A. There are a number of ways the expected market risk premium, MRP, could be
7 estimated. Again, to be conservative and to reduce controversy, I used the
8 methods Staff adopted in the Green Valley Water rate case to estimate a range of
9 expected market risk premiums with updated data. One estimate of the MRP is the
10 long-term average market risk premium reported by Ibbotson Associates. Using
11 the long-term Treasury as the measure of RF, the most recent estimate of that long
12 term average is 7.4% for the period 1926-2001 (2002 *SBBI Yearbook*, Table 9-1).

13 Staff also made an estimate of the current expected MRP from projections
14 *Value Line* makes for the stocks it follows. As of July 19, 2002, *Value Line*'s
15 projected return for an average stock was 17.7%. Backing out the estimate of the
16 long-term Treasury rate of 5.3%, the implied current market risk premium is
17 12.4%.¹⁸

18 **Q. WHAT IS YOUR ESTIMATED CAPM RANGE?**

19 A. That CAPM range for an average water utility is found as follows:

20	Equity cost	=	RF	+	β	x	MRP
21	9.9%	=	5.3%	+	.62	x	7.4%
21	13.0%	=	5.3%	+	.62	x	12.4%

22 Arizona-American is more leveraged than these publicly-traded water utilities.

23 Adding 60 basis points to reflect the higher financial risk of Arizona-American,

24 ¹⁷ Ibbotson Associates, *Stocks, Bond, Bills, and Inflation Valuation Edition 2002*
25 *Yearbook*, page 130.

26 ¹⁸ The value of 17.7% is computed as $(1.80)^{(1/4)} - 1$ plus 1.9% based on *Value Line*'s
projections on July 19, 2002.

1 the evidence for CAPM indicates the Company has an equity cost that falls in a
2 range of 10.5% to 13.6%. All of my equity cost estimates for Arizona-American
3 fall within this rather wide range and the mid-point of the CAPM range is above
4 the mid-point of my other equity cost estimates.

5 It is difficult to make equity cost estimates with the CAPM because there is
6 no "best" method to implement the model. And even with the limited choices
7 made here, the CAPM produces a wide equity cost range of 310 basis points. Had
8 other implementation methods been included in my analysis, the range would have
9 been larger. Because Staff has used CAPM in the past, I have presented this
10 CAPM estimate of the cost of equity for perspective, but give it no weight in my
11 determination of the cost of equity for Arizona-American.

12 **VII. SUMMARY AND CONCLUSIONS**

13 **Q. HAVE YOU PREPARED A TABLE THAT SUMMARIZES YOUR EQUITY**
14 **COST ESTIMATES?**

15 **A.** Yes. The various equity cost estimates I made are summarized in Table 24.

16 **Q. WHAT EQUITY RETURN DO YOU RECOMMEND THE Commission**
17 **APPROVE FOR ARIZONA-AMERICAN?**

18 **A.** I have determined that Arizona-American's cost of equity falls in a range of 11.5%
19 to 12.1% if 60 basis points are added to benchmark equity costs to account for
20 Arizona-American being more leveraged than the water utilities sample. I
21 recommend the Commission authorize Arizona-American an equity return of no
22 less than 11.5%, the bottom of that range. That return together with a 40%/60%
23 equity/debt capital structure, discussed in Mr. Stephenson's direct testimony, and
24 Arizona-American's embedded cost of debt should be used to determine the fair
25 rate of return.

26 **Q. SHOULD THIS FAIR ROR BE MULTIPLIED BY THE FVRB TO**

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DETERMINE RATES FOR ARIZONA-AMERICAN?

A. Yes, it should be. As an economist reading the various Arizona court decisions, the determination of the fair ROR and the FVRB should be independent of one another. It is not appropriate to first determine the dollar return that would occur if the ROR were multiplied by an OCRB and then solve for the ROR that produces the same dollar return when multiplied by the FVRB. Such an approach would effectively ignore the FVRB, and rely on the OCRB to set rates – an approach Arizona courts have disapproved.

Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?

A. Yes.

1359537.1

ZEPP DIR. EXH. 1
(Attachments 1 and 2; Tables 1-24)

August 6, 1999

WATER UTILITY INDUSTRY

1405

Large companies in the Water Utility Industry are continuing to benefit from long-term consolidation trends. In addition, small- and medium-sized water utilities are beginning to be acquired by electric and energy utilities at handsome premiums.

A cloud continues to hang over the industry, as tort litigation in California has many water utilities edgy. If juries rule against those local utilities, the fallout could be costly.

Although water utility stocks are ranked to underperform the market, they provide conservative investors an opportunity to capture good yields with less risk.

Industry Consolidation

For the most part, water utilities stand as the last true American monopoly. Water companies face little or no competition for water services in a given locale because the barriers to entry are very high. Consequently, large companies looking for earnings growth find that acquisitions are the best way to accomplish this goal. Also, acquisitions help to diversify the larger company, allowing it exposure to different geographic regions, which can be beneficial when one area of the country is struggling. Takeover targets tend to welcome this arrangement because they generally need the extra capital to replace and upgrade existing water distribution networks, since a foot of pipe that cost \$1 to install a hundred years ago now costs approximately \$100.

An interesting phenomenon in the Water Utility Industry is the takeovers by energy companies and electric utilities. Energy and electric utilities have much in common with water companies. All three groups plan for capital investments in distribution systems, read meters, bill customers, and deal heavily with regulators and local laws. By acquiring small- and medium-sized water utilities, these companies are creating economies of scale, while providing their shareholders with diversity and steadier revenues. Investors who hold shares of an acquisition target are poised to profit handsomely, since some purchases have been for as much as four times book value. This kind of capital-appreciation potential is unusual for this industry, which is marked by slow growth and healthy yields.

Tort Litigation

Most water companies are keeping a watchful eye on tort litigation (a civil lawsuit against a party even

INDUSTRY TIMELINESS: 91 (of 94)

though no contract or law was breached) underway in California. The plaintiff's bar in that state has organized and commenced tort lawsuits against several public and private community water systems for allegedly delivering contaminated water, although the companies claim to be in full compliance with state and federal standards. The possibility that judgments could be made against water utilities even though they have broken no law is disturbing for the industry. If these cases succeed, the potential fallout could be higher costs for water utilities in order to defend these kinds of lawsuits, which could occur in other states. Also, these companies may be forced to pay large settlements. Fortunately for the industry, the California Public Utilities Commission is investigating the adequacy of existing drinking water standards and has temporarily put a stop to judicial proceedings.

Meeting Government Regulations

The Safe Drinking Water Act (SDWA), which was last amended in 1996, has provided the basis for current drinking water quality standards. It requires that the Environmental Protection Agency work with state and local authorities to select and test for five potential contaminants every five years. The amended SDWA also provided a \$1 billion revolving loan fund to help local communities to install and upgrade their treatment plants to remain in compliance with drinking water purity standards. Water companies spend anywhere from 15% to 50% of their annual capital budgets to remain in compliance with the SDWA. Many of the companies made large investments to upgrade their infrastructures earlier in the decade, so capital outlays over the next 3- to 5-years should remain stable, or even decline. The need to remain in compliance with the SDWA is a primary driver for the present water utility consolidation trend.

Investment Advice

The water company stocks included in this review are not timely for year-ahead investment. Conservative investors might, however, find those equities with attractive dividend-growth prospects and favorable Safety ranks a worthwhile investment, notwithstanding the aforementioned litigation.

Joseph Espallat

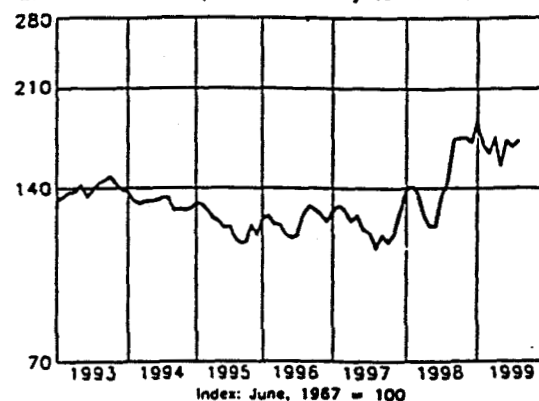
Composite Statistics: Water Utility Industry

1995	1996	1997	1998	1999	2000		02-04
1639.4	1737.2	1878.0	1961.8	2275	2470	Revenues (\$mil)	3020
178.0	214.8	240.2	271.0	290	315	Net Profit (\$mil)	420
38.4%	39.0%	38.1%	37.1%	38.0%	38.0%	Income Tax Rate	33.0%
15.1%	7.6%	6.6%	7.4%	5.5%	8.5%	AFUDC % to Net Profit	6.5%
56.3%	56.3%	57.1%	57.2%	53.0%	52.0%	Long-Term Debt Ratio	48.0%
38.7%	39.4%	39.2%	39.5%	45.0%	48.0%	Common Equity Ratio	48.0%
4588.4	5287.2	5720.2	6200.0	6650	7070	Total Capital (\$mil)	8300
5606.0	6342.8	6741.6	7294.4	7885	8280	Net Plant (\$mil)	9590
6.0%	6.0%	6.2%	6.3%	6.5%	7.0%	Return on Total Capl	7.5%
8.9%	9.3%	9.8%	10.2%	10.5%	10.5%	Return on Shr. Equity	11.5%
9.2%	9.8%	10.3%	10.7%	11.0%	11.0%	Return on Com Equity	12.0%
2.3%	3.3%	3.6%	4.1%	3.0%	3.5%	Retained to Com Eq	4.5%
77%	68%	66%	63%	70%	70%	All Div'ds to Net Prof	60%
13.7	14.4	15.7	18.1			Avg Ann'l P/E Ratio	13.0
.92	.90	.90	.95			Relative P/E Ratio	.85
5.5%	4.6%	4.1%	3.4%			Avg Ann'l Div'd Yield	5.0%

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Water Utility

RELATIVE STRENGTH (Ratio of Industry to Value Line Comp.)



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May 3, 2002

WATER UTILITY INDUSTRY

1420

Infrastructure costs in the Water Utility Industry may rise dramatically over the coming 20 years. As a result, larger companies are purchasing smaller ones in an effort to achieve economies of scale.

Water Utility stocks are ranked to underperform the market over the coming 12 months.

Industry Consolidation

Infrastructure costs in the Water Utility Industry will likely rise considerably over the next 20 years. These companies must maintain and upgrade their existing systems continually in order to remain in compliance with increasingly stringent rules issued by the Environmental Protection Agency (EPA) and local regulators. Many of the facilities and pipes that treat and transport water were constructed over 100 years ago. The costs of replacing those systems are dramatically higher now, even after adjusting for inflation. Also, the ongoing depletion of nearby bodies of water forces many water utilities to obtain water from more-distant sources at an additional expense. Water is difficult and expensive to transport, since it is heavy and incompressible. Yet, the utilities must keep up with the increasing demand for drinking water, as the domestic population continues to rise. All in all, industry sources estimate that in addition to funds already being used to upgrade water/wastewater systems, \$140 billion to \$500 billion more will be needed to fix up the nation's water infrastructure over the next two decades. A good deal of this shortfall will likely be made up over time by increased federal spending and higher water rates. Nonetheless, water utilities will probably foot much of the bill.

The costs of staying in compliance with drinking water laws are particularly onerous for smaller regional companies because they have a lower customer base over which to spread their outlays. Small and mid-sized water utilities tend to welcome takeover offers from larger companies so that they can gain access to the bigger firm's superior capital resources. The acquiring company attempts to achieve economies of scale by engaging in these transactions. Moreover, it looks to gain greater geographic diversity that can reduce its susceptibility to unfavorable weather patterns and potentially burdensome local regulators. For example, The California Public Utilities Commission (CPUC) has undergone many changes over the past couple of years, and it is now less friendly to the business interests of the

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utilities within its state. In the context of regulatory diversity, *American Water Works*, *American States Water*, and *California Water* should benefit from having operations outside of California over the near term.

Large-scale foreign acquirers have been very interested in domestic water utilities over the past few years. Germany-based RWE AG is expected to complete the purchase of this country's largest investor-owned water utility, *American Water Works*, early next year. Foreign utilities are attracted to the stable political environment in the U.S. and vast consolidation opportunities. At present, though, we expect the buying spree to moderate, as these acquirers digest their recent purchases and contend with water-related issues in their home countries.

SDWA Regulations

The Safe Drinking Water Act (SDWA) of 1974 (amended in 1996) authorizes the EPA to work with state and local governments to test for potential impurities in drinking water. The EPA mandates what particular level of a certain contaminant is acceptable per a specified amount of water. Water utilities routinely spend a considerable portion of their annual capital budgets on efforts to stay in compliance with SDWA guidelines. For example, *California Water* estimates that it will cost \$125 million over the next five years to be in compliance with the EPA's new rule on the allowable level of arsenic in drinking water (10 parts per billion). Water companies must also comply with the Clean Water Act, and numerous state and local laws.

Investment Advice

The Water Utility stocks in this review are not timely for year-ahead investment. Moreover, these issues are currently trading at the high end of their historical P/E ratios, as investors look for a secure dividend and good takeover prospects. As such, we believe that there is some downside risk here as equity markets improve, because investors may become more willing to take on additional risk and move their funds out of this sector in an effort to pursue total-return prospects that are presently not available in this industry.

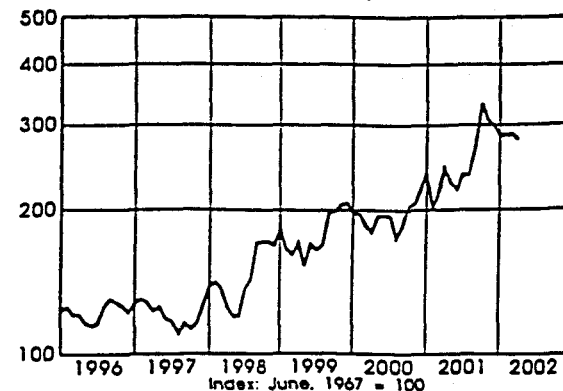
Joseph Espallat

Composite Statistics: Water Utility Industry										
1998	1999	2000	2001	2002	2003					05-07
1503.1	1898.0	2054.9	2190.5	2525	2700	Revenues (\$mill)				3340
192.9	232.8	249.7	261.8	290	315	Net Profit (\$mill)				443
39.1%	39.7%	40.1%	39.5%	40.0%	40.0%	Income Tax Rate				40.0%
7.9%	9.6%	5.5%	3.4%	3.5%	4.0%	AFUDC % to Net Profit				5.0%
58.0%	56.2%	54.9%	50.7%	58.0%	57.0%	Long-Term Debt Ratio				53.5%
39.5%	41.9%	44.0%	42.4%	41.0%	42.0%	Common Equity Ratio				46.0%
4524.6	5566.3	5654.6	6198.1	6660	7070	Total Capital (\$mill)				8660
5544.7	7039.7	7545.4	7991.2	8695	9415	Net Plant (\$mill)				11540
6.3%	6.2%	6.6%	6.3%	6.5%	6.5%	Return on Total Cap'l				7.0%
10.2%	9.8%	9.8%	9.8%	10.0%	10.5%	Return on Shr. Equity				11.5%
10.5%	9.8%	9.5%	9.9%	10.0%	10.5%	Return on Com Equity				11.5%
4.4%	4.1%	4.0%	3.9%	4.0%	4.5%	Retained to Com Eq				6.0%
59%	59%	60%	61%	59%	56%	All Div's to Net Prof				47%
19.4	19.2	18.3	20.9	Bold Figures are Value Line estimates		Avg Ann'l P/E Ratio				13.5
1.01	1.09	1.06	1.07			Relative P/E Ratio				.90
3.0%	3.0%	3.7%	2.9%			Avg Ann'l Div'd Yield				3.0%

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Water Utility

RELATIVE STRENGTH (Ratio of Industry to Value Line Comp.)



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Arizona-American Water Company

Table 1

Selected Characteristics of Water Utilities Sample

<u>Companies in Sample^{-a/}</u>	<u>% Water Revenues^{-b/}</u>	<u>S&P Bond Rating^{-b/}</u>	<u>Moody's Bond Rating^{-b/}</u>	<u>Common Equity Ratio^{-c/}</u>
1 American States	91%	A+	A1	45%
2 California Water	100%	AA-	Aa3	49%
3 Philadelphia Suburban	98%	AA-	NR	48%
4 SJW Corp	98%	NR	NR	58%
Average of Four Company Sample				50%
Arizona-American ^{-d/}				40%

<u>Companies Not in Sample^{-a/}</u>	<u>Reason Not Included</u>			
American Water Works	94%	A+	A3	merger in progress
Connecticut Water Service	100%	NR	NR	anticipated merger
Middlesex Water	100%	A+	A2	anticipated merger
Southwest Water	42%	NR	NR	% of water revenues

Sources:

a/ List of water utilities relied upon by ACC Staff in Docket No. W-01427A-01-0487

b/ C.A. Turner Utility Reports, August 2002.

c/ As reported for 2001 by Value Line August 2, 2002 or from SJW Corp SEC Form 10-K.

d/ Company estimate.

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Arizona-American Water Company

Table 2

Premiums Received by Investors from Recent
Mergers and Acquisitions of Water Utilities

Company	Approximate Date of Aquisition or Merger	Highest Price in Year Prior to Announcement	Value at Time of Merger or Acquisition	Basis	Premium
Aquarion	August 1999	\$27.40	\$37.05	cash	35%
United Water Resources	July 2000	\$25.00	\$35.30	cash	41%
E-Town	Year-end 2000	\$48.30	\$68.00	cash	41%
Dominguez	May 2000	\$21.50	\$33.75	stock	57%
Consumers Water	March 1999	\$20.80	\$33.10	stock	59%
American Water Works	Proposed	\$34.00	\$46.00	cash	35%
Average Premium					45%

Arizona-American Water Company

Table 3

Selected Characteristics of Gas Utilities Sample

<u>Companies in Sample^{a/}</u>	Percentage of Gas Revenues _{b/}	S&P Bond Rating _{b/}	Moody's Bond Rating _{b/}
1 AGL Resources	60%	A-	A3
2 Atmos Energy	97%	A-	A3
3 Laclede Gas	90%	A+	A1
4 NW Natural	98%	A	A2
5 Peoples Energy	67%	AA-	Aa2
6 Piedmont Natural	86%	A	A2
7 WGL Holdings	100%	AA-	Aa2

Companies Not in Sample^{a/}

Reason Not Included

Cascade Natural Gas	100%	BBB+	Baa1	bond rating
Energen	39%			% gas revenues
NUI Corp	46%			% gas revenues
NICOR	77%	AA	Aa1	fraud investigation
New Jersey Resources	55%			% gas revenues
ONEOK	22%			% gas revenues
SEMCO Energy	59%	BBB	Baa2	bond rating
South Jersey Industries	55%			% gas revenues
Southwest Gas	86%	BBB-	Baa2	bond rating
UGI Corp	23%			% gas revenues

Sources:

a/ List of gas utilities relied upon by ACC Staff in Docket No. G-03703A-01-0263.

b/ C.A. Turner Utility Reports, August 2002.

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Arizona-American Water Company

Table 4

Beta Risk and Safety Rankings of Gas and Water Utilities Samples^{a, b/}

	Beta	Safety Rank
Gas Distribution Utilities		
1 AGL Resources	0.60	2
2 Atmos Energy	0.55	3
3 Laclede Gas	0.55	2
4 NW Natural	0.60	2
5 Peoples Energy	0.70	1
6 Piedmont Natural	0.60	2
7 WGL Holdings	0.60	1
Average	0.60	1.9
Water Utilities		
1 American States	0.65	3
2 California Water	0.60	2
3 Philadelphia Suburban	0.60	2
4 SJW Corp ^{b/}	0.55	2
Average	0.60	2.3

Sources:

^{a/} *Value Line*, Summary and Index, July 19, 2002 with the exception of SJW Corp.

^{b/} From the *Value Line* Small and Mid-Cap Edition, Summary & Index, dated July 19, 2002.

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Arizona-American Water Company

Table 5

Development of Alternative Water Utility Costs of Equity
That Reflect Differences in Leverage

Panel A: Average for Sample Water Utilities

		Capitalization Ratio	Incremental Cost-a/	Weighted Cost
Bottom	debt	0.50	7.84%	3.92%
	equity	0.50	10.9%	5.45%
				9.37%
Top	debt	0.50	7.84%	3.92%
	equity	0.50	11.5%	5.75%
				9.67%

Panel B: Increase Leverage:

		Capitalization Ratio	Incremental Cost-b/	Weighted Cost
Bottom	debt	0.60	7.84%	4.70%
	equity	0.40	11.7%	4.67%
				9.37%
Top	debt	0.60	7.84%	4.70%
	equity	0.40	12.4%	4.97%
				9.67%

Notes:

_a/ Incremental cost of debt as reported August 2, 2002 by *Value Line* for Baa-rated utility bonds. Cost of equity range as estimated and reported in Table 24.

_b/ Assumes no change in incremental debt cost but increases the cost of equity to reflect more financial risk.

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Arizona-American Water Company

Table 6

Actual and Forecasted Baa Bond Rates

Year/Month	Baa Corporate Bonds
1996 ^{-a/}	8.05%
1997 ^{-a/}	7.87%
1998 ^{-a/}	7.22%
1999 ^{-a/}	7.88%
2000 ^{-a/}	8.37%
2001 ^{-a/}	7.95%
July 2002 ^{-b/}	7.84%
Forecast for 1/2003 ^{-c/}	8.10%
Forecast for 2004 ^{-d/}	8.20%

Sources:

^{-a/} Federal Reserve.

^{-b/} Value Line, *Selection & Opinion*, August 2, 2002
for recent selected yields at July 25, 2002.

^{-c/} Blue Chip *Financial Forecasts*, quarterly consensus
forecast, July, 2002.

^{-d/} Blue Chip *Financial Forecasts*, long-term
forecast reported in June, 2002.

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Arizona-American Water Company

Table 7

Recent Authorized Returns on Equity For Larger Arizona Water, Sewer and Gas Utilities

Company	Decision Number	Decision Date	Authorized ROE
Citizens Utilities Company; Agua Fria Water Division; Sun City Water Company; Sun City Sewer Company and Sun City West Utilities Company	60172	May 7, 1997	10.50%
Paradise Valley Water Company	60220	May 27, 1997	11.00%
Far West Water Company	60437	Sept 29, 1997	11.50%
Saddlebrooke Utility Company	61008	July 16, 1998	11.30%
Paradise Valley Water Company ^{-n/}	61831	July 20, 1999	11.00%
Bermuda Water Company	61854	July 21, 1999	12.00%
Pima Utility Company (Sewer)	62184	Jan 5, 2000	11.75%
Far West Water & Sewer Co. (Water)	62649	June 13, 2000	11.50%
Southwest Gas Corporation	64172	Oct. 30, 2001	11.00%
Arizona Water Company (Northern Group)	64282	Dec. 28, 2001	10.25%

Note:

^{-n/} Now named Arizona-American Water Company.

Arizona-American Water Company

Table 8

Average Dividend Yields for Water Utility Sample

	3-Month Average D ₀ /P ₀	12-Month Average D ₀ /P ₀	D ₀ _a/	12-month High Stock Price_b/	12-month Low Stock Price_b/	3-Month High Stock Price_c/	3-Month Low Stock Price_c/
1 American States	3.65%	3.65%	\$0.87	\$29.01	\$20.25	\$29.01	\$20.25
2 California Water	4.92%	4.76%	\$1.12	\$27.75	\$20.45	\$25.70	\$20.45
3 Philadelphia Suburban	2.66%	2.66%	\$0.52	\$25.00	\$16.02	\$25.00	\$16.02
4 SJW Corp	3.29%	3.27%	\$2.68	\$91.25	\$74.65	\$88.25	\$76.01
Average	3.63%	3.58%					

Notes and Sources:

_a/ Dividends paid during the 12 months ending July, 2002.

_b/ Prices for the 12 month period ending July 31, 2002.

_c/ Prices for the 3 month period ending July 31, 2002.

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Arizona-American Water Company

Table 9

Estimates of Sustainable Growth for the Water Utilities Sample

	Retention Ratios Derived from Value Line Forecasts ^{a,e/}	Future ROE ^{b/}	Forecast of BR ^{c/} Growth	VS Growth ^{d/}	Average Sustainable Growth
1 American States	0.48	11.0%	5.4%	0.7%	6.1%
2 California Water	0.43	11.5%	5.1%	1.7%	6.8%
3 Philadelphia Suburban	0.54	14.0%	7.8%	2.8%	10.6%
4 SJW Corp ^{e/}	0.53	11.1%	6.1%	0.0%	6.1%
Average of column	0.49	11.9%	6.1%	1.3%	7.4%

Notes and Sources:

- a/ Based on *Value Line* forecasts of DPS and EPS for the period 2005-2007 published August 2, 2002 or retention ratios based on past data for SJW Corp.
- b/ *Value Line* forecast of ROE if available, otherwise past average earned ROE.
- c/ BR growth adjusted for year-end ROE forecast by *Value Line*.
- d/ Estimated VS growth derived in Table 10.
- e/ Based on historical information for 1996-2000 reported by *Value Line*. Retention ratio computed by growing past DPS by past five-year growth and EPS growth based on an analyst's forecast of 4%.

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Table10

Estimate of Expected VS Growth for Water Utility Sample

	Stock Financing Rate (S)_a/ (a)	Market to Book Ratio_b/ (b)	V (c)	VS growth (d)
1 American States	1.73%	1.73	0.42	0.73%
2 California Water	3.85%	1.79	0.44	1.70%
3 Philadelphia Suburban	4.75%	2.40	0.58	2.77%
4 SJW Corp	0.00%	1.60	0.38	0.00%
Average of Column		1.88	0.46	1.30%

Notes and Sources:

_a/ From *Value Line* data reported August 2, 2002.

_b/ As reported by C. A. Turner in August 2002.

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Arizona-American Water Company

Table 11

Comparisons of Realized and Authorized ROEs and
Market-to-Book Ratios for Water Utilities and
Value Line's Industrial Composite: 1992 - 2001

	Earned ROE	Authorized ROE	Earned Less Authorized ROE	Water Utilities M/B	Industrial Composite M/B
1991	10.00	12.82	-2.82	1.36	2.43
1992	11.60	12.73	-1.13	1.49	3.10
1993	10.40	12.72	-2.32	1.55	3.18
1994	11.40	11.96	-0.56	1.28	2.90
1995	9.70	11.99	-2.29	1.33	3.15
1996	10.50	11.30	-0.80	1.48	3.50
1997	11.00	11.14	-0.14	1.73	4.13
1998	11.10	10.87	0.23	2.06	4.83
1999	11.10	10.87	0.23	2.50	5.21
2000	10.30	10.74	-0.44	2.06	4.85
2001	10.90	10.57	0.33	2.27	3.35
Average			-0.88		

Sources:

- _a/ Year-end C.A. Turner Utility Reports
- _b/ Value Line Industrial Composite as reported January 25, 2002.

Arizona-American Water Company

Table 12

Analysts Forecasts of Future Earnings Growth for Water Utility Sample

	First Call ^{-a/}	Value Line ^{-b/}	Average
1 American States	4.50%	6.50%	5.5%
2 California Water	^{-c/}	8.50%	8.5%
3 Philadelphia Suburban	9.00%	10.50%	9.8%
4 SJW Corp	^{-c/}	^{-d/}	
Averages:	6.75% ^{-e/}	7.50%	7.1%

Notes and Sources:

^{-a/} First Call average of analysts' forecasts reported at July 24, 2002.

^{-b/} Value Line forecasts published August 2, 2002

^{-c/} Not included if one forecast or less.

^{-d/} Value Line does not provide forecasts for SJW Corp.

^{-e/} Industry average forecast reported by First Call, July 24, 2002.

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Table 13

DCF Equity Cost Range Estimated for Water Utilities Sample
and Arizona-American Water Company

	D_0/P_0	D_1/P_0 -a/	Growth-b/	Water Utilities Sample Equity Cost-a/	Arizona- American Equity Cost-c/
3-Month Dividend Yield	3.6%	3.9%	7.2%	11.1%	11.7%
12-Month Dividend Yield	3.6%	3.8%	7.2%	11.1%	11.7%

Notes and Sources:

_a/ Based on $D_1 = D_0 \times (1 + g)$.

_b/ Average of estimated sustainable growth and range of growth predicted by analysts. See Tables 9 and 12.

_c/ Water utilities sample equity cost plus 60 basis points.

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Table 14

Average Dividend Yields for Gas Utilities Sample

	3-Month Average D ₀ /P ₀	12-Month Average D ₀ /P ₀	D ₀ _a/	12-month High Stock Price_b/	12-month Low Stock Price_b/	3-Month High Stock Price_c/	3-Month Low Stock Price_c/
1 AGL Resources	5.36%	5.33%	\$1.08	\$24.50	\$17.25	\$24.17	\$17.25
2 Atmos Energy	5.76%	5.74%	\$1.18	\$24.55	\$17.56	\$24.29	\$17.56
3 Laclede Gas	6.22%	6.17%	\$1.34	\$25.35	\$19.00	\$24.84	\$19.00
4 NW Natural	4.74%	4.92%	\$1.26	\$30.30	\$22.00	\$30.30	\$23.49
5 Peoples Energy	6.06%	5.91%	\$2.05	\$42.94	\$29.07	\$40.45	\$29.07
6 Piedmont Natural	4.89%	4.89%	\$1.56	\$38.00	\$27.35	\$37.99	\$27.35
7 WGL Holdings	5.59%	5.40%	\$1.26	\$29.75	\$19.25	\$27.39	\$19.25

Average 5.52% 5.48%

Notes and Sources:

_a/ Dividends paid during the 12 months ending July, 2002.

_b/ Prices for the 12 month period ending July 31, 2002.

_c/ Prices for the 3 month period ending July 31, 2002.

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Table 15

Forecasts of Sustainable Growth for Gas Utilities Sample

	Retention Ratios Derived from Value Line Forecasts ^{a/}	Forecasted ROE	Forecast of BR ^{b/} Growth	VS Growth ^{c/}	Average Sustainable Growth
1 AGL Resources	0.45	13.0%	6.0%	0.1%	6.1%
2 Atmos Energy	0.41	14.0%	5.9%	1.3%	7.2%
3 Laclede Gas	0.36	12.0%	4.4%	0.2%	4.6%
4 NW Natural	0.48	11.5%	5.7%	0.2%	5.9%
5 Peoples Energy	0.48	12.0%	5.9%	0.0%	5.9%
6 Piedmont Natural	0.36	12.5%	4.6%	0.6%	5.2%
7 WGL Holdings	0.47	12.5%	6.0%	0.1%	6.2%
Average of column	0.43	12.5%	5.5%	0.4%	5.9%

Notes and Sources:

a/ Value Line forecasts of DPS and EPS growth and ROE published June 21, 2001.

b/ BR growth adjusted for year-end ROE forecast by *Value Line*.

c/ See Table 16.

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Table 16

Estimate of Expected VS Growth for Gas Utilities Sample

	Stock Financing Rate ^{a/} ("S")	Market to Book Ratio ^{b/}	V	VS growth
1 AGL Resources	0.46%	1.44	0.31	0.14%
2 Atmos Energy	6.20%	1.26	0.21	1.28%
3 Laclede Gas	1.22%	1.24	0.19	0.24%
4 NW Natural	1.11%	1.29	0.22	0.25%
5 Peoples Energy	0.00%	1.31	0.24	0.00%
6 Piedmont Natural	1.68%	1.52	0.34	0.57%
7 WGL Holdings	0.68%	1.24	0.19	0.13%
Average of Column		1.33	0.24	0.37%

Notes and Sources:

_a/ From Value Line data published June 21, 2002.

_b/ As reported by C. A. Turner in August 2002.

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Table 17

Analysts' Forecasts of Future Earnings Growth for Gas Utilities Sample

	First Call ^{a/}	Value Line ^{b/}	Average
1 AGL Resources	8.0%	9.5%	8.8%
2 Atmos Energy	6.0%	9.0%	7.5%
3 Laclede Gas	3.0%	7.0%	5.0%
4 NW Natural	4.6%	6.5%	5.6%
5 Peoples Energy	6.0%	7.5%	6.8%
6 Piedmont Natural	5.0%	6.5%	5.8%
7 WGL Holdings	4.5%	6.0%	5.3%
Averages	5.3%	7.4%	6.4%

Notes and Sources:

a/ First Call average forecasts reported on Internet on July 24, 2002.

b/ Value Line forecasts published June 21, 2002.

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Table 18

DCF Equity Cost Range for Water Utilities Sample and Arizona-American Water Company Based on Data for Gas Utilities Sample

	D_0/P_0	D_1/P_0 ^{a/}	Growth ^{b/}	Gas Utilities Sample Equity Cost ^{c/}	Water Utilities Sample Equity Cost ^{d/}	Arizona- American Equity Cost ^{e/}
3-Month Dividend Yield	5.5%	5.9%	6.1%	12.0%	11.5%	12.1%
12-Month Dividend Yield	5.5%	5.8%	6.1%	11.9%	11.4%	12.0%

Notes and Sources:

a/ Computed as $D_1 = D_0 \times (1 + g)$.

b/ Average of estimated sustainable growth and range of growth predicted by analysts. See Tables 15 and 17.

c/ Based on constant growth DCF model.

d/ Assumes equity cost is 50 basis points lower.

e/ Water utilities sample equity cost plus 60 basis points.

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Table 19

Dividends and Range of Prices for Connecticut Water Services
and Middlesex Water Company

	Average D ₀ /P ₀	Current Dividend ^{a/}	Highest Stock Price ^{b/}	Lowest Stock Price ^{b/}
Connecticut Water Service	3.28%	\$0.81	\$31.08	\$20.35
Middlesex Water	3.84%	\$0.83	\$26.72	\$18.30
Buy One Share of Each Stock	3.54%	\$1.64	\$57.80	\$38.65

Notes and Sources:

_a/ Dividends paid during last 12 months, as of July 31, 2002.

_b/ Prices during the 3 month period ending July 31, 2002.

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Table 20

Calculation of Internal Rate of Return for Two Water Utility Stocks That Are Not Yet In Mergers or Being Acquired But Are Expected to Be^{a/}

Initial growth ^{b/}	Terminal growth ^{c/}	Price Premium	Current Dividend	Number of Years Before Merger	Cash Flow			Trial Discount Rate	Internal Rate of Return
					Buy Stock	First Year	Second Year		
Lowest Yield and Lowest Premium									
3.13%	6.75%	35%	\$1.64	3	(\$57.80)	\$1.69	\$1.74	10.4%	10.4%
3.13%	6.75%	35%	\$1.64	2	(\$57.80)	\$1.69	\$68.69	10.5%	10.5%
Highest Yield and Highest Premium									
3.13%	6.75%	59%	\$1.64	3	(\$38.65)	\$1.69	\$1.74	12.9%	12.9%
3.13%	6.75%	59%	\$1.64	2	(\$38.65)	\$1.69	\$47.64	13.2%	13.2%

Notes and Sources

- a/ Connecticut Water Service and Middlesex Water had common stock returns of 39% and 20%, respectively, higher than returns for other water utilities during 1999 to 2001.
- b/ ACC Staff projected DPS growth in Green Valley Docket No. W-02025A-01-0559, Schedule JMR-4.
- c/ Industry average earnings per share growth reported by First Call is assumed to determine future cash-flow growth that would occur without stock sale premium.

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Table 21

Risk Premiums Computed from Past ROEs Earned by Water Utilities
and Forecasted Cost of Equity Range for Water Utilities

Panel A:

	Baa Corporate Bond Rates ^{-b/}	Average Baa Bond Rate	Realized ROEs for Water Utilities ^{-a/}	Average ROE	Risk Premium ^{-c/}	Average Risk Premium
1991-1995						
1991	9.80%		12.00%		2.60%	
1992	8.98%		10.51%		1.93%	
1993	7.93%		11.60%		4.07%	
1994	8.63%		10.71%		2.48%	
1995	8.20%	8.71%	11.13%	11.19%	3.33%	2.88%
1996-2000						
1996	8.05%		11.60%		3.95%	
1997	7.87%		11.57%		4.10%	
1998	7.22%		10.91%		4.09%	
1999	7.88%		10.56%		3.08%	
2000	8.37%	7.88%	9.81%	10.89%	1.84%	3.41%
Differences in Averages:		-0.83%		-0.30%		0.53%
Relative Change		-100		-36		64

Panel B:

Forecasts of Baa Corporate Bond Rate ^{-d/}	Estimated Risk Premium ^{-c/}	Forecasted Equity Cost
8.10%	3.27%	11.4%
8.20%	3.21%	11.4%

Notes and Sources:

a/ Source: Tables 2-4 of CPUC WNGB Report, dated March 2002, in A. 01-10-028.

b/ Past Baa rates reported by the Federal Reserve.

c/ Based on evidence reported by C. A. Turner Utility Reports at year-end for the last ten years, the average cost of equity was more than 40 basis points higher than an average of realized ROEs. See Table 11.

d/ Range of consensus forecasts reported by *Blue Chip*, June 2002 for the period 2003 to 2004.

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Table 22

Risk Premium Analysis
Regression Analysis of Risk Premiums Based on Authorized Returns
for Natural Gas Utility Stocks^{-a/} and Baa Corporate Bond Rates
1982-2002

Regression Formula^{-c/}: Risk Premium = $A_0 + A_1 \times \text{Baa Corporate Rate}$

Regression Output:

Constant (A_0)	0.0745
Std Err of Y Est	0.0077
R Squared	0.8541
No. of Observations	454
Degrees of Freedom	452
Slope (A_1)	-0.510
Std Err of Coef.	0.010
t-statistic	-51.4

	Equity Cost Estimate		Predicted Premium ^{-c/}	Forecasted Baa Corporate Bond Rate ^{-b/}
Bottom	11.42%	=	3.32% +	8.10%
Top	11.47%	=	3.27% +	8.20%

Estimated Equity Cost for the Average Utility
in Water Utilities Sample:

Bottom	=	10.9%
Top	=	11.0%

Notes and Sources:

^{-a/} Sources: Annual Surveys of Gas Rate Cases, *Public Utilities Fortnightly*, KAN Rate of Return Data Books, Regulatory Research Associates and the Federal Reserve.

^{-b/} Range of consensus forecasts of rates for Baa Corporate bonds for 2003-2004 as of June 2002 as reported by Blue Chip.

^{-c/} Regression analysis assumes 8-month lag between Baa bond rate and the date of respective commission orders.

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Table 23: Risk Premium Analysis
Comparison of Total Returns on Moody's Natural Gas Stock Index
and Baa Corporate Bond Rates

	Rates on Baa Corporate Bonds ^{a/}	Moody's Natural Gas Price Index ^{b/}	Annual Average Dividend ^{b/}	Index Gain/Loss	Dividend Yield	Total Gas Stock Return	Risk Premium
1954	3.45%	26.47					
1955	3.62%	28.10	1.32	6.16%	4.99%	11.14%	7.69%
1956	4.37%	28.23	1.43	0.46%	5.09%	5.55%	1.93%
1957	5.03%	25.78	1.49	-8.68%	5.28%	-3.40%	-7.77%
1958	4.85%	38.71	1.53	50.16%	5.93%	56.09%	51.06%
1959	5.28%	39.59	1.63	2.27%	4.21%	6.48%	1.63%
1960	5.10%	48.21	1.79	21.77%	4.52%	26.29%	21.01%
1961	5.10%	64.96	1.91	34.74%	3.96%	38.71%	33.61%
1962	4.92%	59.73	2.01	-8.05%	3.09%	-4.96%	-10.06%
1963	4.85%	64.62	2.13	8.19%	3.57%	11.75%	6.83%
1964	4.81%	68.24	2.27	5.60%	3.51%	9.11%	4.26%
1965	5.02%	64.31	2.40	-5.76%	3.52%	-2.24%	-7.05%
1966	6.18%	53.50	2.75	-16.81%	4.28%	-12.53%	-17.55%
1967	6.93%	50.49	2.67	-5.63%	4.99%	-0.64%	-6.82%
1968	7.23%	53.80	2.79	6.56%	5.53%	12.08%	5.15%
1969	8.65%	43.88	2.88	-18.44%	5.35%	-13.09%	-20.32%
1970	9.12%	52.33	2.97	19.26%	6.77%	26.03%	17.38%
1971	8.38%	47.86	3.06	-8.54%	5.85%	-2.69%	-11.81%
1972	7.93%	53.54	3.10	11.87%	6.48%	18.35%	9.97%
1973	8.48%	43.43	3.21	-18.88%	6.00%	-12.89%	-20.82%
1974	10.63%	29.71	3.31	-31.59%	7.62%	-23.97%	-32.45%
1975	10.56%	38.29	3.43	28.88%	11.54%	40.42%	29.79%
1976	9.12%	51.80	3.65	35.28%	9.53%	44.82%	34.26%
1977	8.99%	50.88	3.85	-1.78%	7.43%	5.66%	-3.46%
1978	9.94%	45.97	4.07	-9.65%	8.00%	-1.65%	-10.64%
1979	12.06%	53.50	4.33	16.38%	9.42%	25.80%	15.86%
1980	14.64%	56.61	4.59	5.81%	8.58%	14.39%	2.33%
1981	16.55%	53.50	4.95	-5.49%	8.74%	3.25%	-11.39%
1982	14.14%	50.62	5.28	-5.38%	9.87%	4.49%	-12.06%
1983	13.75%	55.79	5.45	10.21%	10.77%	20.98%	6.84%
1984	13.40%	69.70	5.71	24.93%	10.23%	35.17%	21.42%
1985	11.58%	76.58	6.06	9.87%	8.69%	18.57%	5.17%
1986	9.97%	90.89	5.68	18.69%	7.42%	26.10%	14.52%
1987	11.29%	77.25	5.86	-15.01%	6.45%	-8.56%	-18.53%
1988	10.65%	86.76	6.15	12.31%	7.96%	20.27%	8.98%
1989	9.82%	117.05	6.45	34.91%	7.43%	42.35%	31.70%
1990	10.43%	108.86	6.70	-7.00%	5.72%	-1.27%	-11.09%
1991	9.26%	124.32	6.94	14.20%	6.38%	20.58%	10.15%
1992	8.81%	138.79	7.08	11.64%	5.69%	17.33%	8.07%
1993	7.69%	154.06	7.23	11.00%	5.21%	16.21%	7.40%
1994	9.10%	126.96	7.36	-17.59%	4.78%	-12.81%	-20.50%
1995	7.49%	155.94	7.48	22.83%	5.89%	28.72%	19.62%
1996	7.89%	166.64	8.01	6.86%	5.14%	12.00%	4.51%
1997	7.32%	191.04	7.99	14.64%	4.79%	19.44%	11.55%
1998	7.23%	177.24	8.12	-7.22%	4.25%	-2.97%	-10.29%
1999	8.19%	166.84	8.18	-5.87%	4.62%	-1.25%	-8.48%
2000	8.02%	200.68	8.22	20.28%	4.93%	25.21%	17.02%

Average Risk Premium 3.67%

Equity Cost Forecast	Forecast of Baa Bond Rates ^{c/}	Gas Utility Equity Cost	Water Utilities Sample Equity Cost	Az-Am Equity Cost
Low	8.1%	11.8%	11.3%	11.9%
High	8.2%	11.9%	11.4%	12.0%

Sources and Notes:

a/ U. S. Federal Reserve. Monthly rates for December of the indicated year.

b/ Mergent, Moody's 2001 Public Utility Manual.

c/ Range of forecasts for 2003-2004 compiled by Blue Chip, June 2002.

Arizona-American Water Company

Table 24

Summary Table: Estimated Cost of Equity Ranges for Water
Utilities Sample and Arizona-American Water Company

	Estimated Ranges of Equity Costs for Water Utilities Sample		Estimated Range of Equity Costs for Arizona-American Water	
Discounted Cash Flow Estimates				
Based on Water Utilities	11.1% to	11.1%	11.7% to	11.7%
Based on Gas Utilities	11.4% to	11.5%	12.0% to	12.1%
Risk Premium Estimates				
Based on Water Utilities	11.4% to	11.4%	12.0% to	12.0%
Based on Gas Utilities Authorized ROEs	10.9% to	11.0%	11.5% to	11.6%
Based on Moody's Gas Utilities Index	11.3% to	11.4%	11.9% to	12.0%
Estimated Equity Cost Range for Arizona-American Water Company			11.5%	12.1%

8/07/02

KOZOMAN

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5
6

7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8 IN THE MATTER OF THE
APPLICATION OF ARIZONA-
9 AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
10 DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS
11 UTILITY PLANT AND PROPERTY
AND FOR INCREASES IN ITS RATES
12 AND CHARGES BASED THEREON
FOR UTILITY SERVICE BY ITS SUN
13 CITY WEST WATER AND
WASTEWATER DISTRICTS.
14

DOCKET NO. W-01303A-02-_____
SW-01303A-02-_____

15 **DIRECT TESTIMONY**

16 **OF**

17 **RONALD L. KOZOMAN**
18
19
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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

3 A. Ronald L. Kozoman, 1605 W. Mulberry Drive, Phoenix, Arizona 85015.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am self-employed and provide consulting services to utility companies and other
6 businesses with utility related interests.

7 **Q. COULD YOU BRIEFLY SUMMARIZE YOUR PRIOR REGULATORY**
8 **EXPERIENCE?**

9 A. Yes. I was employed by the Illinois Commerce Commission ("ICC") from 1977 to
10 1981 in various accounting and management positions. While with the ICC, I
11 testified as the ICC Staff's expert witness on cost of capital, rate base and
12 operating income in rate cases involving Commonwealth Edison Company, Illinois
13 Bell Telephone, and other major Illinois utility companies.

14 I was first retained by the Arizona Corporation Commission ("Commission"
15 or "ACC") in 1981 as a consultant to prepare Commission Staff's cost of capital
16 testimony for the Southwest Gas Corporation and Southern Union Gas Company
17 rate cases. I later became Chief Rate Analyst for the Commission. As Chief Rate
18 Analyst, I was responsible for supervising all of the Commission's rate analysts
19 and utility auditors. While with the Commission, I testified on cost of capital
20 concerning Sun City West Utilities, Continental Telephone Company of
21 California, and Mountain Bell Telephone (now Qwest), among others.

22 I have also testified as an independent consultant on behalf of utility
23 companies, utility consumers, and regulatory agencies. I am also an instructor in
24 the areas of public utility accounting and general regulatory practices for the
25 National Association of Regulatory Utility Commissioners in its Annual
26 Regulatory Studies Program held at Michigan State University in East Lansing,

1 Michigan. In 2001, I taught Revenue Requirements Accounting, and Regulatory
2 Accounting Methods and Applications under changing Regulatory and Market
3 Conditions.

4 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

5 A. I am testifying on behalf of Arizona-American Water Company ("Arizona-
6 American" or "the Company"). As explained in the Direct Testimony of David P.
7 Stephenson, the Company is filing five applications for rate increases for several
8 different systems Arizona-American recently acquired from Citizens
9 Communications Company ("Citizens"). Specifically, the systems covered by
10 these five applications include the Sun City water and wastewater districts
11 (Application No. 1); Sun City West water and wastewater districts (Application
12 No. 2); the Mohave water and Havasu water districts (Application No. 3); Agua
13 Fria water district, Anthem water district and the Anthem/Agua Fria wastewater
14 district (Application No. 4); and the Tubac water district (Application No. 5). For
15 convenience, I will sometimes refer to the five applications collectively as the
16 Company's rate filing.

17 **II. PURPOSE OF TESTIMONY, SUMMARY AND CONCLUSIONS**

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

19 A. To set forth the proposed new rates for all of the systems included in the
20 Company's rate filing and to explain the schedules concerning those proposed new
21 rates. In this specific testimony, I address the proposed rates for the Company's
22 Sun City West water district and Sun City West wastewater district.

23 **Q. WOULD YOU PLEASE IDENTIFY THE SCHEDULES YOU ARE**
24 **SUPPORTING IN YOUR TESTIMONY?**

25 A. My testimony supports the "H" Schedules included in each of the five applications
26 in the Company's rate filing. I prepared all of these schedules.

1 Q. HAS ARIZONA-AMERICAN PREPARED A COST OF SERVICE STUDY
2 IN SUPPORT OF THE PROPOSED RATES FOR ANY OF THESE
3 SYSTEMS?

4 A. No. Consequently, the Company has not included "G" Schedules in any of the five
5 applications at this time.

6 Q. WHY HASN'T THE COMPANY INCLUDED THE "G" SCHEDULES IN
7 ITS RATE FILING?

8 A. Under R14-2-103.B, cost of service information must be filed if both of the
9 following conditions are present:

10 1) The utility is in a segment of the utility industry that
11 recognizes cost of service studies as important tools for rate
12 design; and

13 2) Costs incurred by the utility are likely to vary significantly
14 from one defined segment of customers to another.

15 Arizona-American is not proposing different increases for different
16 customer classes or groups. Instead, in order to reduce the number of issues and to
17 simplify the Company's rate filing, Arizona-American proposes that necessary rate
18 increases be allocated to all customers equally. In other words, Arizona-American
19 does not propose to change the existing rate design, including the allocation of the
20 revenue requirement between customer types, from that approved by the
21 Commission when it set the present rates for each of the water or wastewater
22 systems covered by the Company's rate filing.

23 Q. WHAT DO YOU MEAN THE COMPANY WILL ALLOCATE RATE
24 INCREASES TO ALL CUSTOMERS EQUALLY?

25 A After developing a new revenue requirement for each system included in the
26 Company's rate filing, the Company determined the percent increases necessary to

1 meet the new requirement. That percentage increase was then applied to the
2 monthly minimums and commodity rates for all customers in that water and
3 wastewater district uniformly, so that each customer will experience the
4 approximately the same percentage increase. I say approximately because, as a
5 result of the Company rounding the proposed rates up or down to the nearest
6 whole cent, the percentage increases will not be exact in every instance.

7 **III. PROPOSED RATE INCREASES FOR SUN CITY WEST WATER**
8 **DISTRICT AND SUN CITY WEST WASTEWATER DISTRICT**

9 **A. Sun City West Water District**

10 **Q. WHAT INCREASE IN REVENUES IS BEING SOUGHT FOR THE SUN**
11 **CITY WEST WATER DISTRICT COMPARED TO ADJUSTED TEST**
12 **YEAR REVENUES AT PRESENT RATES?**

13 **A. Arizona-American seeks a 43.96% increase in revenues over the adjusted test year**
14 **revenues at existing rates for its Sun City West water district.**

15 **Q. WHAT ARE THE PRESENT RATES FOR THE SUN CITY WEST WATER**
16 **DISTRICT?**

17 **A. The present rates are listed below:**

18

Meter Size	Monthly Minimum	Gallons Included in Monthly Minimum
5/8 x 3/4"	\$5.00	0
3/4"	\$5.00	0
1"	\$13.00	0
1 1/2"	\$28.00	0
2"	\$41.00	0
3"	\$70.00	0
4"	\$103.00	0

19
20
21
22
23
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26

6"	\$141.00	0
8"	N/A	0

The commodity rate for all meter sizes is \$0.93 per 1,000 gallons, up to 8,000 gallons. The second tier rate (starting at 8,001 gallons) is \$1.12 per 1,000 gallons. Construction water is \$0.60 per 1,000 gallons. Effluent sales per acre-foot are \$150.00. Central Arizona Water (Untreated) is \$0.50 per 1,000 gallons.

Finally, the General Fire Sprinkler rates are:

4 Inch	\$30.00
6 Inch	\$45.00
8 Inch	\$60.00
10 Inch	\$120.00.

Q. WHAT ARE THE PROPOSED RATES FOR THE SUN CITY WEST WATER DISTRICT?

A. The proposed rates are listed below:

Meter Size	Monthly Minimum	Gallons Included in Monthly Minimum
5/8 x 3/4"	\$7.23	0
3/4"	\$7.23	0
1"	\$18.80	0
1 1/2"	\$40.49	0
2"	\$59.29	0
3"	\$101.22	0
4"	\$148.94	0
6"	\$203.89	0
8"	N/A	0

1 The proposed commodity rate for all meter sizes is \$1.34 per 1,000 gallons,
2 up to 8,000 gallons. The proposed second tier rate (starting at 8,001 gallons) is
3 \$1.62 per 1,000 gallons. The tariff for Construction water is to be cancelled as it is
4 no longer used and the proposed Effluent rate is \$216.90 per acre-foot. The
5 proposed rate for Central Arizona Water (Untreated) is \$0.72 per 1,000 gallons.

6 Finally, the General Fire Sprinkler rates are: 4 Inch \$43.38
7 6 Inch \$65.07
8 8 Inch \$86.76
9 10 Inch \$173.52

10 The above rates have been rounded to the nearest whole cent, which, in some case
11 will have a slight impact on the actual percentage increase..

12 **Q. WHAT IS THE IMPACT ON A RESIDENTIAL CUSTOMER WHO USES**
13 **7,171 GALLONS PER MONTH, WHICH IS THE AVERAGE USAGE FOR**
14 **A RESIDENTIAL 5/8 INCH METER CUSTOMER IN THE SUN CITY**
15 **WEST WATER DISTRICT?**

16 **A. The present bill is \$11.67 per month. The proposed bill would be \$16.84 per**
17 **month, an increase of \$5.17, or 44.31%.**

18 **Q. WILL THE RATE INCREASE FOR THE SUN CITY WEST WATER**
19 **DISTRICT BE PHASED IN?**

20 **A. Yes. In the first year, rates will increase by 40%. Thus, an average residential**
21 **customer on a 5/8-inch meter would experience an increase of \$4.65, or**
22 **approximately 40%. The average bill will increase from \$11.67 to \$16.32. The**
23 **remainder of the rate increase will be phased in 12 months after the effective date**
24 **of the Order approving the rate increase.**

1 **B. Sun City West Wastewater District**

2 **Q. WHAT IS REVENUE INCREASE PROPOSED FOR THE SUN CITY**
3 **WEST WASTEWATER DISTRICT?**

4 **A. The Company proposes a 55.59% increase in revenues over the adjusted test year**
5 **revenues at existing rates for its Sun City West wastewater district.**

6 **Q. WHAT ARE THE PRESENT RATES FOR SUN CITY WEST**
7 **WASTEWATER DISTRICT?**

8 **A. The present monthly charges are listed below.**

9 Residential \$ 16.24

10 Commercial \$ 23.09

11 Large Commercial \$ 45.42 (consumption over 20,000 gallons)

12 Commercial, Additional Toilets \$ 5.30

13 Commercial, restaurant, per dishwasher or garbage grinder

14 \$ 42.58

15 Commercial, Laundromat, per washing machine

16 \$ 9.93

17 Commercial, per wash rack \$ 20.81

18 The charge for 1,000 gallons of wastewater (above the 20,000 included in the
19 monthly minimum) is \$0.98.

20 **Q. WHAT ARE THE PROPOSED RATES FOR THE SUN CITY WEST**
21 **WASTEWATER DISTRICT?**

22 **A. The Company's proposed monthly charges are listed below.**

23 Residential \$ 25.27

24 Commercial \$ 35.93

25 Large Commercial \$ 70.67 (consumption over 20,000 gallons)

26 Commercial, Additional Toilets \$ 8.25

1 Commercial, restaurant, per dishwasher or garbage grinder

2 \$ 66.25

3 Commercial, Laundromat, per washing machine

4 \$ 15.45

5 Commercial, per wash rack \$ 32.38.

6 The proposed charge for 1,000 gallons of wastewater (above the 20,000
7 included in the monthly minimum) is \$1.52.

8 **Q. WHAT IMPACT WILL THE PROPOSED RATES HAVE ON A TYPICAL
9 RESIDENTIAL CUSTOMER?**

10 A. The typical residential customer in the Sun City West wastewater district will
11 experience a rate increase of \$9.03 per month, or 55.60%.

12 **Q. WILL THE RATE INCREASE FOR THE SUN CITY WEST
13 WASTEWATER DISTRICT BE PHASED IN?**

14 A. Yes. The first year the rates will increase 40%. Thus, an average residential
15 customer would experience an increase of \$6.50, or approximately 40%. The bill
16 will increase from \$16.24, to \$22.74. The remainder of the rate increase will be
17 phased in 12 months after the effective date of the order approving the rate
18 increase.

19 **IV. REVENUE ANNUALIZATION AND THE "H" SCHEDULES**

20 **Q. DID YOU PREPARE THE REVENUE ANNUALIZATIONS THAT ARE
21 USED IN MR. BOURASSA'S SCHEDULES?**

22 A. Yes, I did.

23 **Q. WOULD YOU EXPLAIN HOW THE REVENUE ANNUALIZATIONS
24 WERE PREPARED?**

25 A. The revenue annualizations were prepared based on the total customer count as of
26 December of the test year. Annualizations for any increase in the number of

1 customers in each customer class as of December of the test year were made to
2 project revenues and consumption for those annualizations as if those customers
3 had been on the system for the full year. Annualizations for any decrease in the
4 number of customers in a customer class as of December of the test period were
5 made to remove the revenue and consumption for those lost customers as if those
6 customers had not existed on the system for the full year. Thus, the customer
7 count at December was the controlling influence as to whether revenue and
8 consumption was either annualized or removed.

9 **Q. PLEASE EXPLAIN WHAT IS SHOWN ON SCHEDULE H-1?**

10 A. The H-1 Schedule shows the revenues at present and proposed rates from each
11 class of customer, and the annualization of revenues for any change in the number
12 of customers during the year.

13 **Q. PLEASE EXPLAIN WHAT IS SHOWN ON SCHEDULE H-2?**

14 A. The H-2 Schedule shows the rate increase based on the average annual usage for
15 each customer class. The billing to each average user is at present and proposed
16 rates.

17 **Q. WHAT IS CONTAINED ON THE H-3 SCHEDULES?**

18 A. Schedule H-3 contains both the present and proposed rates. The Schedule also
19 shows the dollar increase, and percentage increase.

20 **Q. WHAT IS CONTAINED ON THE H-4 SCHEDULES?**

21 A. Schedule H-4 shows the billing at both present and proposed rates based on
22 various usage levels. The schedule also shows the dollar increase, and percentage
23 increase at various usage levels.

24 **Q. WHAT IS SHOWN ON THE H-5 SCHEDULES?**

25

26

1 A. The H-5 Schedules contain the usage for each class of customer during the test
2 year. These schedules are commonly referred to as the bill count schedules, as the
3 schedules show usage by various classes of customers during the test year.

4 Q. **WHY IS THERE MORE THAN ONE SET OF H-1, H-2, AND H-3**
5 **SCHEDULES FOR THE SUN CITY WEST WATER AND WASTEWATER**
6 **DISTRICTS?**

7 A. There is a "phase in" set of H-1, H-2, H-3, and H-4 schedules to coincide with
8 Arizona-American's proposal to phase in the rate increases for the Sun City West
9 water and wastewater districts.

10 Q. **IS THE COMPANY PROPOSING ANY CHANGE IN ITS OTHER TARIFF**
11 **CHARGES?**

12 A. Yes. The Company is proposing to increase the meter/service line charge to match
13 the recommended charges set forth in the memorandum of the Utilities Division,
14 Engineering Section, dated April 23, 2002. A copy is attached hereto as Kozoman
15 Dir. Exh. 1. The Company is not proposing any other changes in its tariffs.
16 Additionally, the Company proposes to collect the income tax on the meter/service
17 line charge, as these charges are now taxable income. Refunds of the
18 meter/service line charge will include a refund of the original income tax collected
19 spread over the refund period.

20 Q. **DOES THIS PROPOSED CHANGE IN METER FEES IMPACT**
21 **REVENUE?**

22 A. No. Meter/Service Line Installation Fees are not revenues. These fees are either
23 considered refundable deposits or advances, and not revenues. As with any
24 advance or deposit, they are also considered a deduction from rate base in the
25 development of a revenue requirement. Thus, any increase in these fees is revenue
26 neutral.

1 Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?

2 A. Yes, it does.

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE
APPLICATION OF ARIZONA-
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DETERMINATION OF THE CURRENT
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THEREON FOR UTILITY SERVICE BY
ITS SUN CITY WEST WATER AND
WASTEWATER DISTRICTS.

WS-01303A-02-0067

DOCKET NO. W-01303A-02-_____
SW-01303A-02-_____

SCHEDULES
(SUN CITY WEST WASTEWATER DISTRICT)

Arizona American - Sun City West Wastewater
Index of Standard Filing Schedules

Page 1

**Schedule
No.**

- | | |
|-----|--|
| A-1 | Summary of the increase in revenue requirement and the spread of the revenue increase by customer classification |
| A-2 | Summary of the results of operations for the test year and for the test year and the two fiscal years ended prior to the end of the test year, compared with the projected year. |
| A-3 | Summary of capital structure for the test year and two fiscal years ended prior to the end of the test year, compared to the projected year |
| A-4 | Construction expenditures and gross utility plant in service for the test year and the two fiscal years ended prior to the end of the test year, compared with the projected year. |
| A-5 | Summary of changes in financial position for the test year and the two fiscal years ended prior to the test year, compared to the projected year |
| B-1 | Schedule showing the elements of original cost and RCND rate bases. |
| B-2 | Schedule listing pro forma adjustments to gross plant in service and accumulated depreciation for the original cost rate base |
| B-3 | Schedule listing pro forma adjustments to gross plant in service and accumulated depreciation for the RCND rate base |
| B-4 | Schedule demonstrating the determination of reproduction cost new less accumulated depreciation for the RCND rate base |
| B-5 | Schedule showing the computation of working capital allowance. |
| C-1 | Test year income statement, with pro forma adjustments. |
| C-2 | Schedule showing the detail of all pro forma adjustments. |
| C-3 | Schedule showing the incremental taxes and other expenses on gross revenues and the computation of an incremental gross revenue conversion factor. |
| D-1 | Summary of Cost of Capital |
| D-2 | Schedule Showing the detail of long-term debt and short-term at the end of the test year and the projected year and their total cost. |
| D-3 | Schedule showing the detail of preferred stock at the end of the test year and the projected year, and their total cost. |
| D-4 | Schedule summarizing conclusions of the required return on common Equity |
| E-1 | Comparative balance sheets for the end of the test year and the two fiscal years ended prior to the end of the test year. |
| E-2 | Comparative income statements for the end of the test year and the two fiscal years ended prior to the end of the test year. |
| E-3 | Comparative statements of changes in financial position for the test year and the two fiscal years ended prior to the test year. |
| E-4 | Statement of changes in stockholder's equity for the test year and the two fiscal years ended prior to the test year. |
| E-5 | Comparative schedule showing by detail account number, utility plant balances at the end of the test year and the end of the prior fiscal year. |
| E-7 | Comparative operating statistics on customers, consumption, revenues, and expenses for the test year and the two fiscal years ending prior to the end of the test year. |

**Arizona American - Sun City West Wastewater
Index of Standard Filing Schedules**

Page 2

**Schedule
No.**

E-8	Comparative schedule of all significant taxes charged to operations for the test year and the two fiscal years ended prior to the end of the test year.
E-9	Notes to Audited or Compiled Financial Statements
F-1	Projected income statements for the projected year compared with the test year, at present and proposed rates.
F-2	Projected changes in financial position for the projected year compared with the test year, at present and proposed rates
F-3	Projected annual construction requirements by property classification, for one year subsequent to the test year, compared with the test year.
F-4	Important assumption used in preparing forecasts and projections.
H-1	Comparison of revenues by customer classification or other classification of revenue for the test year, at present and proposed rates.
H-2	Comparison of revenues by class of service and by rate schedule for the test year at present and proposed rates
H-3	Present and proposed rates schedules.
H-4	Typical bill analysis.
H-5	Bill counts.

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Schedule A-1
Page 1
Witness: Bourassa

Line
No.

1	Fair Value Rate Base				\$ 13,455,978
2					
3	Adjusted Operating Income				(164,369)
4					
5	Current Rate of Return				-1.22%
6					
7	Required Operating Income				\$ 1,042,776
8					
9	Required Rate of Return on Fair Value Rate Base				7.75%
10					
11	Operating Income Deficiency				\$ 1,207,145
12					
13	Gross Revenue Conversion Factor				1.6286
14					
15	Increase in Gross Revenue				
16	Requirement				\$ 1,965,998
17					
18	Customer	Present	Proposed	Dollar	Percent
19	<u>Classification</u>	<u>Rates</u>	<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
20	Residential Units (WSR)	\$ 2,789,886	\$ 4,341,159	\$ 1,551,273	55.60%
21	Commercial Units (SSC)	\$76,035	\$118,317	\$ 42,282	55.61%
22	Commercial Large User (WS6)	12,683	19,684	7,001	55.20%
23	Muti-family Residential Units (AC WSRE)	553,264	860,898	307,634	55.60%
24		-	-	-	
25		-	-	-	
26	Commercial additional toilets (WS1)	70,575	109,857	39,282	55.66%
27	Commercial per dishwasher (WS2)	11,241	17,490	6,249	55.59%
28	Commercial per wash machine (WS3)	3,247	5,052	1,805	55.59%
29	Commercial per wash rack (WS4)	2,497	3,886	1,388	55.60%
30	Miscellaneous Revenues	1,002	1,002	-	
31	Subtotal of Revenues	3,520,431	5,477,345	1,956,915	55.59%
32					
33					
34	Revenue Annualization				
35	Residential Units (WSR)	\$ 3,134	\$ 4,877	\$ 1,743	55.60%
36	Commercial Units (SSC)	7,089	11,031	3,942	55.61%
37	Commercial Large User (WS6)	681	1,060	379	55.59%
38	Muti-family Residential Units (AC WSRE)	-	-	-	
39	Commercial additional toilets (WS1)	(424)	(660)	(236)	55.66%
40	Commercial per dishwasher (WS2)	-	-	-	
41	Commercial per wash machine (WS3)	566	881	315	55.59%
42	Commercial per wash rack (WS4)	-	-	-	
43	Total Revenue Annualization	\$ 11,046	\$ 17,188	\$ 6,142	55.60%
44					
45	Total Revenues	\$ 3,531,477	\$ 5,494,534	\$ 1,963,057	55.59%

46
47 SUPPORTING SCHEDULES:

48 B-1
49 C-1
50 C-3
51 H-1

52
53

Arizona American - Sun City West Wastewater

Test Year Ended December 31, 2001

Summary of Results of Operations

Exhibit

Schedule A-2

Page 1

Witness: Bourassa

Line No.	Description	Prior Years Ended			Test Year		Projected Year	
		12/31/98	12/31/99	12/31/00	Actual 12/31/01	Adjusted 12/31/01	Present Rates 12/31/02	Proposed Rates 12/31/02
1	Gross Revenues	\$ 3,535,018	\$ 3,545,468	\$ 3,548,880	\$ 3,524,634	\$ 3,535,680	\$ 3,535,680	\$ 5,499,304
2								
3	Revenue Deductions and	3,351,265	3,301,321	3,747,859	4,020,179	3,700,049	3,700,049	4,457,986
4	Operating Expenses							
5								
6	Operating Income	\$ 183,753	\$ 244,147	\$ (198,979)	\$ (495,545)	\$ (164,369)	\$ (164,369)	\$ 1,041,318
7								
8	Other Income and	(18,064)	18,210	4,973	(3,592)	-	-	-
9	Deductions							
10								
11	Interest Expense	41	-	-	-	423,801	423,801	423,801
12								
13	Net Income	\$ 165,648	\$ 262,357	\$ (194,006)	\$ (499,137)	\$ (588,170)	\$ (588,170)	\$ 617,517
14								
15	Earned Per Average							
16	Common Share	0.36	0.57	(0.42)	(1.08)	(1.28)	(1.28)	1.34
17								
18	Dividends Per							
19	Common Share	-	-	-	-	-	-	1.01
20								
21	Payout Ratio	-	-	-	-	-	-	0.75
22								
23	Return on Average							
24	Invested Capital	0.68%	1.11%	-0.76%	-1.88%	-2.26%	-1.67%	1.75%
25								
26	Return on Year End							
27	Capital	0.69%	1.12%	-0.70%	-1.88%	-2.26%	-1.70%	1.78%
28								
29	Return on Average							
30	Common Equity	3.02%	6.24%	-4.57%	-12.81%	-15.27%	-4.85%	5.09%
31								
32	Return on Year End							
33	Common Equity	4.06%	6.05%	-4.68%	-13.69%	-16.54%	-4.25%	4.46%
34								
35	Times Bond Interest Earned							
36	Before Income Taxes	5,964.05	-	-	-	(1.26)	(1.26)	3.37
37								
38	Times Total Interest and							
39	Preferred Dividends Earned							
40	After Income Taxes	4,041.20	-	-	-	(0.39)	(0.39)	2.46
41								
42								
43	<u>SUPPORTING SCHEDULES</u>							
44	C-1							
45	E-2							
46	F-1							

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Summary of Capital Structure

Exhibit
Schedule A-3
Page 1
Witness: Bourassa

Line No.		Prior Years Ended			Test Year	Projected Year
	<u>Description:</u>	<u>12/31/98</u>	<u>12/31/99</u>	<u>12/31/00</u>	<u>12/31/01</u>	<u>12/31/02</u>
1						
2						
3	Long-Term Debt	-	-	-	20,766,000	20,766,000
4						
5	Total Debt	\$ -	\$ -	\$ -	\$ 20,766,000	\$ 20,766,000
6						
7						
8	Preferred Stock	-	-	-	-	-
9						
10	Common Equity	4,076,377	4,338,734	4,144,728	13,844,000	13,844,000
11						
12						
13	Total Capital & Debt	\$ 4,076,377	\$ 4,338,734	\$ 4,144,728	\$ 34,610,000	\$ 34,610,000
14						
15						
16	Capitalization Ratios:					
17						
18	Long-Term Debt	0.00%	0.00%	0.00%	60.00%	60.00%
19						
20	Total Debt	0.00%	0.00%	0.00%	60.00%	60.00%
21						
22						
23	Preferred Stock	-	-	-	-	-
24						
25	Common Equity	100.00%	100.00%	100.00%	40.00%	40.00%
26						
27						
28	Total Capital	100.00%	100.00%	100.00%	100.00%	100.00%
29						
30						
31	Weighted Cost of					
32	Senior Capital	0.00%	0.00%	0.00%	3.15%	3.15%
33						
34						
35						
36						
37						
38	<u>SUPPORTING SCHEDULES:</u>					
39	E-1					
40	D-1					

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Bourassa

Line No.		<u>Construction Expenditures</u>	<u>Net Plant Placed in Service</u>	<u>Gross Utility Plant in Service</u> (a)
1				
2	Prior Year Ended 12/31/1998	-		33,377,105
3				
4	Prior Year Ended 12/31/1999	1,003,482	961,057	34,338,162
5				
6	Prior Year Ended 12/31/2000	5,774,869	5,224,970	39,563,132
7				
8	Test Year Ended 12/31/2001	446,742	(30,309)	39,532,823
9				
10	Projected Year Ended 12/31/2002	236,759	236,759	39,769,582
11				
12	(a) Unadjusted			
13				
14				
15	<u>SUPPORTING SCHEDULES:</u>			
16	B-2			
17	E-5			
18	F-3			
19				
20				
21				
22				
23				
24				
25				
26				
27				

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Summary Statements of Cash Flows

Exhibit
Schedule A-5
Page 1
Witness: Bourassa

Line
No.

	Prior Year Ended <u>12/31/98</u>	Prior Year Ended <u>12/31/99</u>	Prior Year Ended <u>12/31/00</u>	Test Year Ended <u>12/31/01</u>	Projected Year	
					Present Rates <u>12/31/02</u>	Proposed Rates <u>12/31/02</u>
5 Cash Flows from Operating Activities						
6 Net Income	\$ -	\$ 262,358	\$ (194,006)	\$ (499,137)	\$ (588,170)	\$ 617,517
7 Adjustments to reconcile net income to net cash						
8 provided by operating activities:						
9 Depreciation and Amortization	-	1,391,734	1,633,655	1,760,039	1,432,265	1,432,265
10 Deferred Income Taxes	-	-	-	-	-	-
11 Accumulated Deferred ITC	-	-	-	-	-	-
12 Changes in Certain Assets and Liabilities:						
13 Accounts Receivable	-	192,282	109,203	104	-	-
14 Materials & Supplies	-	-	-	-	-	-
15 Prepaid Expenses	-	-	-	(20)	-	-
16 Misc Current Assets and Deferred Expense	-	(22,153)	(435,066)	(21,215)	-	-
17 Accounts Payable and Accrued Liabilities	-	(106,081)	(98,030)	4,935	-	-
18 Accrued Income Taxes	-	(2,373,344)	-	-	-	-
19 Net Cash Flow provided by Operating Activities	<u>\$ -</u>	<u>\$ (655,204)</u>	<u>\$ 1,015,756</u>	<u>\$ 1,244,706</u>	<u>\$ 844,095</u>	<u>\$ 2,049,782</u>
20 Cash Flow From Investing Activities:						
21 Capital Expenditures	-	(1,003,482)	(5,774,869)	(446,742)	(236,759)	(236,759)
22 Plant Held for Future Use	-	-	-	-	-	-
23 Non-Utility Property	-	-	-	-	-	-
24 Net Cash Flows from Investing Activities	<u>\$ -</u>	<u>\$ (1,003,482)</u>	<u>\$ (5,774,869)</u>	<u>\$ (446,742)</u>	<u>\$ (236,759)</u>	<u>\$ (236,759)</u>
25 Cash Flow From Financing Activities						
26 (Decrease) Increase in Net Amounts due to Parent and						
27 Affiliates	-	16,802,377	(12,717,875)	565,453	-	-
28 Customer Deposits	-	(826)	175	1,176	-	-
29 Changes in Advances for Construction	-	(14,966,814)	17,483,879	(2,068,015)	-	-
30 Changes in Contributions for Construction	-	(176,051)	(7,066)	703,422	-	-
31 Proceeds from Long-Term Debt Borrowing	-	-	-	-	-	-
32 Repayments of Long-Term Debt	-	-	-	-	0	0
33 Dividends Paid	-	-	-	-	-	(463,138)
34 Deferred Financing Costs	-	-	-	-	-	-
35 Paid in Capital	-	-	-	-	-	-
36 Net Cash Flows Provided by Financing Activities	<u>\$ -</u>	<u>\$ 1,658,686</u>	<u>\$ 4,759,113</u>	<u>\$ (797,964)</u>	<u>\$ 0</u>	<u>\$ (463,138)</u>
37 Increase(decrease) in Cash and Cash Equivalents	-	-	-	-	607,336	1,349,885
38 Cash and Cash Equivalents at Beginning of Year	-	-	-	-	-	-
39 Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607,336</u>	<u>\$ 1,349,885</u>

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SUPPORTING SCHEDULES:

E-3
F-2

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Summary of Fair Value Rate Base

Exhibit
Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	RCND Rate base	Fair Value Rate base (RCND Only)
1				
2	Gross Utility Plant in Service	\$ 39,101,812	\$ 58,932,134	\$ 58,932,134
3	Less: Accumulated Depreciation	14,290,245	21,419,094	21,419,094
4				
5	Net Utility Plant in Service	\$ 24,811,567	\$ 37,513,040	\$ 37,513,040
6				
7	<u>Less:</u>			
8	Advances in Aid of			
9	Construction	14,502,979	21,858,105	21,858,105
10	Contributions in Aid of			
11	Construction - Net of amortization	1,458,672	2,198,432	2,198,432
12	Customer Meter Deposits	525	525	525
13	Deferred Income Taxes & Credits	-	-	-
14	Investment tax Credits	-	-	-
15	<u>Plus:</u>			
16	Deferred Finance			
17	Charges	-	-	-
18	Deferred Tax Assets	-	-	-
19	Allowance for Working Capital	-	-	-
20	Citizens Acquisition Adjustment	10,401,376	-	-
21				
22	Total Rate Base	<u>\$ 19,250,767</u>	<u>\$ 13,455,978</u>	<u>\$ 13,455,978</u>
23				
24				
25				
26	<u>SUPPORTING SCHEDULES:</u>		<u>RECAP SCHEDULES:</u>	
27	B-2		A-1	
28	B-3			
29	B-5			
30	E-1			
31				

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Label	Adjustments Amount	Adjusted at end of Test Year
1	Gross Utility				
2	Plant in Service	\$ 38,810,451	(1)	(513)	\$ 39,101,812
3			(2)	213,100	
4	Less:		(6)	-	
5			(8)	78,774	
6	Accumulated				
7	Depreciation	<u>13,515,241</u>	(3)	775,004	<u>14,290,245</u>
8					
9	Net Utility Plant				
10	in Service	\$ 25,295,210			\$ 24,811,567
11					
12	Less:				
13	Advances in Aid of				
14	Construction (Ratemaking Purposes Only)	16,142,093	(4)	(875,799)	14,502,979
15	Contributions in Aid of		(5)	(763,315)	
16	Construction - Net (Ratemaking	696,356	(4)	(999)	1,458,672
17	Purposes Only)		(5)	763,315	
18	Customer Meter Deposits	525			525
19	Deferred Income Taxes	-			-
20	Investment Tax Credits	-			-
21	Plus:				
22	Deferred Finance				
23	Charges	-			-
24	Deferred Tax Assets	-			-
25	Working capital	-			-
26	Citizens Acquisition Adjustment	-	(7)	10,401,376	10,401,376
27					
28	Total	<u>\$ 8,456,236</u>			<u>\$ 19,250,767</u>
29					
30					
31	(1) Additional Plant at Closing				
32	(2) Plant to be completed by 12/31/2002.				
33	(3) Additional Accumulated Depreciation at Closing				
34	(4) Increase (decrease) AIAC and CIAC to transferred amount.				
35	(5) Adjust AIAC and CIAC for Ratemaking Purposes				
36	(6) Intentionally Left Blank				
37	(7) Acquisition Adjustment Premium				
38	(8) Orcom Costs				
39					
40	<u>SUPPORTING SCHEDULES:</u>				<u>RECAP SCHEDULES:</u>
41	B-2				B-1
42	E-1				

Arizona American - Sun City West Wastewater
Plant Summary with Common Plant Allocation
at December 31, 2001

Exhibit
Schedule B-2
Page 2
Witness: Bourassa

Line No.	Account No.	Description	Original Cost	Accumulated Depreciation
1		Intangible		
2	301.00	Organization	\$ 4,078	\$ -
3	302.00	Franchises	1,372	-
4	303.00	Miscellaneous Intangibles	5,184	-
5		Subtotal Intangible	\$ 10,634	\$ -
6				
7		Treatment & Discharge		
8	310.00	Land and Land Rights	\$ 542,319	\$ -
9	311.00	Structures and Improvements	2,695,860	1,569,131
10	312.00	Preliminary Treatment	1,068,943	555,679
11	313.00	Primary Treatment Equipment	1,084,172	508,707
12	314.00	Secondary Treatment Equipment	5,714,476	2,310,550
13	315.00	Tertiary Equipment	4,751,190	1,041,309
14	316.00	Disinfection Equipment	245,070	155,878
15	317.00	Effluent Lift Station E	1,004,341	417,153
16	318.00	Outfall Line	94,680	68,163
17	319.00	Sludge, Treatment & Distribution	1,337,304	492,725
18	321.00	Influent Lift Station	91,546	14,473
19	322.00	General Treatment Equipment	902,060	124,764
20		Subtotal Treatment & Discharge	\$ 19,531,960	\$ 7,258,533
21				
22		Collection and Influent		
23	340.00	Land and Land Rights	\$ 20,747	\$ -
24	341.00	Structures and Improvements	299,361	46,184
25	342.00	Collection System Lift	1,356,167	1,191,327
26	343.00	Collection Mains	9,788,254	2,858,898
27	344.00	Force Mains	752,939	212,690
28	345.00	Discharge Services	2,645,161	754,095
29	348.00	Manholes	3,189,365	975,240
30		Subtotal Collection and Influent	\$ 18,051,994	\$ 6,038,435
31				
32		ALLOCATED COMMON PLANT	\$ 1,458,580	\$ 292,242
33				
34				
35		ADFUC adjustment 3/95	(242,717)	(73,969)
36		TOTAL WASTEWATER PLANT	\$ 38,810,451	\$ 13,515,241

SUPPORTING SCHEDULES

B-4, Page 3

B-4, Page 5

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Arizona American - Sun City West Wastewater
Common Plant Allocation
at December 31, 2002

Exhibit
Schedule B-2
Page 3
Witness: Bourassa

Line	Account		Original Cost	Accumulated Depreciation	Allocation Factor	Allocated Original Cost	Allocated Accumulated Depreciation
No.	No.	Description					
1							
2		Maricopa Common Plant					
3	389.00	Land and Land Rights	\$ 4,880	\$ -	0.15989	\$ 780	\$ -
4	390.00	Structures and Improvements	3,349,189	310,963	0.15989	535,503	49,720
5	391.00	Office Furniture and Equipment	997,650	360,503	0.15989	159,515	57,641
6	391.10	Computer Equipment	1,428,345	(434,702)	0.15989	228,379	(69,505)
7	392.00	Transportation Equipment	1,797,409	1,038,162	0.15989	287,389	165,992
8	393.00	Stores Equipment	28,727	7,782	0.15989	4,593	1,244
9	394.00	Tools, Shop and Garage	411,051	18,237	0.15989	65,723	2,916
10	395.00	Laboratory Equipment	130,207	22,954	0.15989	20,819	3,670
11	396.00	Power Operated Equipment	120,325	42,813	0.15989	19,239	6,845
12	397.00	Communication Equipment	577,488	332,600	0.15989	92,335	53,180
13	398.00	Miscellaneous Equipment	277,101	128,455	0.15989	44,306	20,539
14							
15							
16							
17							
18							
19		TOTAL COMMON PLANT	\$ 9,122,373	\$ 1,827,766		\$ 1,458,580	\$ 292,242

SUPPORTING SCHEDULES

B-2, Page 4

Arizona American - Maricopa
Common Plant Allocation Basis
at December 31, 2001

Exhibit
Schedule B-2
Page 4
Witness: Bourassa

Line No.	<u>Location</u>	<u>Year End Customer Count</u>	<u>Factor</u>
1			
2	Sun City Water	22,195	0.23835
3	Sun City Sewer	21,144	0.22706
4	Sun City West Water	15,581	0.16732
5	Sun City West WasteWater	14,889	0.15989
6	Agua Fria	13,004	0.13965
7	CWS Water (Anthem)	3,225	0.03463
8	CWR Water (Anthem)	44	0.00047
9	CWS Wastewater (Anthem)	2,542	0.02730
10	CWR Wastewater (Anthem)	2	0.00002
11	Tubac Valley	494	0.00530
12	TOTAL CUSTOMER COUNT	<u>93,120</u>	<u>1.00000</u>
13			
14			
15			

Arizona American - Sun City West Wastewater
Plant Summary
at December 31, 2001

Exhibit
Schedule B-2
Page 5
Witness: Bourassa

Line No.	Account No.	Description	Original Cost	Accumulated Depreciation
1		Intangible		
2	301.00	Organization	\$ 4,078	\$ -
3	302.00	Franchises	1,372	-
4	303.00	Miscellaneous Intangibles	5,184	-
5		Subtotal Intangible	\$ 10,634	\$ -
6				
7		Treatment & Discharge		
8	310.00	Land and Land Rights	\$ 542,319	\$ -
9	311.00	Structures and Improvements	2,695,860	1,569,131
10	312.00	Preliminary Treatment	1,068,943	555,679
11	313.00	Primary Treatment Equipment	1,084,172	508,707
12	314.00	Secondary Treatment Equipment	5,714,476	2,310,550
13	315.00	Tertiary Equipment	4,751,190	1,041,309
14	316.00	Disinfection Equipment	245,070	155,878
15	317.00	Effluent Lift Station E	1,004,341	417,153
16	318.00	Outfall Line	94,680	68,163
17	319.00	Sludge, Treatment & Distribution	1,337,304	492,725
18	321.00	Influent Lift Station	91,546	14,473
19	322.00	General Treatment Equipment	902,060	124,764
20		Subtotal Treatment & Discharge	\$ 19,531,960	\$ 7,258,533
21				
22		Collection and Influent		
23	340.00	Land and Land Rights	\$ 20,747	\$ -
24	341.00	Structures and Improvements	299,361	46,184
25	342.00	Collection System Lift	1,356,167	1,191,327
26	343.00	Collection Mains	9,788,254	2,858,898
27	344.00	Force Mains	752,939	212,690
28	345.00	Discharge Services	2,645,161	754,095
29	348.00	Manholes	3,189,365	975,240
30		Subtotal Collection and Influent	\$ 18,051,994	\$ 6,038,435
31				
32		General		
33	389.00	Land and Land Rights	\$ -	\$ -
34	390.00	Structures and Improvements	1,196,116	33,935
35	391.00	Office Furniture and Equipment	142,714	(2,555)
36	391.10	Computer Equipment	34,067	(1,205)
37	392.00	Transportation Equipment	234,751	70,168
38	393.00	Stores Equipment	11,270	(243)
39	394.00	Tools, Shop and Garage	103,615	8,865
40	395.00	Laboratory Equipment	56,408	12,616
41	396.00	Power Operated Equipment	12,955	1,655
42	397.00	Communication Equipment	318,807	102,047
43	398.00	Miscellaneous Equipment	70,250	25,529
44		Subtotal General	\$ 2,180,953	\$ 250,813
45				
46				
47		ADFUC adjustment 3/95	(242,717)	(73,969)
48		TOTAL WASTEWATER PLANT	\$ 39,532,823	\$ 13,473,812
49				
50				
51		• AFUDC Accumulated Depreciation		
52		AFUDC Adjustment	\$ 242,717	
53		Years	6.75	
54		Composite Rate	3.55%	
55		Total		\$ 58,161
56		Plus A/D @ 3/95 per Staff		15,808
57		Total A/D at 12/2001		\$ 73,969
58				
59		RCN Trend Factor from 1995	1.2061	\$ 292,741
60				
61		SUPPORTING SCHEDULES		
62		B-2, Page 6a-6c		
63				
64				

Arizona American - Sun City West Wastewater
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 6a
Witness: Bourassa

Line No.	Account	Staff Plant At 3/31/95	1995 Net Plant Additions	1995 Plant Balance	1996 Net Plant Additions	1996 Plant Balance
1	Intangible					
2	No. Description					
3						
4	301.00 Organization	4,078	-	4,078	-	4,078
5	302.00 Franchises	1,427	-	1,427	-	1,427
6	303.00 Miscellaneous Intangibles	-	-	-	-	-
7	Subtotal Intangible	5,505	-	5,505	-	5,505
8						
9	Treatment & Discharge					
10	310.00 Land and Land Rights	342,851	-	342,851	-	342,851
11	311.00 Structures and Improvements	2,437,762	75,934	2,513,696	60,969	2,574,665
12	312.00 Preliminary Treatment	1,080,969	52,645	1,133,614	8,786	1,142,400
13	313.00 Primary Treatment Equipment	882,795	129,617	1,012,412	12,003	1,024,414
14	314.00 Secondary Treatment Equipment	4,353,946	56,634	4,410,580	69,995	4,480,575
15	315.00 Tertiary Equipment	2,350,904	35,276	2,386,180	3,027	2,389,207
16	316.00 Disinfection Equipment	217,489	(200)	217,289	577	217,866
17	317.00 Effluent Lift Station E	328,026	(2,738)	325,288	12,511	337,799
18	318.00 Outfall Line	94,680	-	94,680	-	94,680
19	319.00 Sludge, Treatment & Distribution	659,242	5,220	664,462	193,870	858,332
20	321.00 Influent Lift Station	17,496	802	18,298	3,918	22,216
21	322.00 General Treatment Equipment	217,915	15,374	233,289	873	234,162
22	Subtotal Treatment & Discharge	12,984,075	368,563	13,352,638	366,529	13,719,167
23						
24	Collection and Influent					
25	340.00 Land and Land Rights	20,747	-	20,747	-	20,747
26	341.00 Structures and Improvements	456,045	(172,877)	283,168	19,019	302,188
27	342.00 Collection System Lift	847,154	9,167	856,321	570,326	1,426,647
28	343.00 Collection Mains	9,006,715	368,683	9,375,398	234,552	9,609,950
29	344.00 Force Mains	752,939	-	752,939	-	752,939
30	345.00 Discharge Services	2,404,138	179,842	2,583,980	91,310	2,675,290
31	348.00 Manholes	2,860,833	199,737	3,060,570	104,327	3,164,897
32	Subtotal Collection and Influent	16,348,571	584,552	16,933,123	1,019,534	17,952,658
33						
34	General					
35	389.00 Land and Land Rights	-	-	-	-	-
36	390.00 Structures and Improvements	-	-	-	-	-
37	391.00 Office Furniture and Equipment	64,689	2,146	66,835	2,346	69,181
38	391.10 Computer Equipment	-	-	-	-	-
39	392.00 Transportation Equipment	83,876	832	84,708	-	84,708
40	393.00 Stores Equipment	3,853	56	3,909	5,796	9,705
41	394.00 Tools, Shop and Garage	22,788	3,947	26,735	8,795	35,531
42	395.00 Laboratory Equipment	16,994	1,411	18,405	15,353	33,757
43	396.00 Power Operated Equipment	-	-	-	3,984	3,984
44	397.00 Communication Equipment	2,866	0	2,866	-	2,866
45	398.00 Miscellaneous Equipment	28,071	(0)	28,070	-	28,070
46	Subtotal General	223,137	8,391	231,528	36,274	267,802
47						
48						
49	ADJUC adjustment 3/95	(242,717)		(242,717)		(242,717)
50	TOTAL WASTEWATER PLANT	29,318,571	961,507	30,280,077	1,422,337	31,702,415

Arizona American - Sun City West Wastewater
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 6b
Witness: Bourassa

Line No.	Account	1997 Net Plant Additions	1997 Plant Balance	1998 Net Plant Additions	1998 Plant Balance	1999 Net Plant Additions	1999 Plant Balance
1	Intangible						
2	No. Description						
3							
4	301.00 Organization	-	4,078	-	4,078	-	4,078
5	302.00 Franchises	(55)	1,372	-	1,372	-	1,372
6	303.00 Miscellaneous Intangibles	5,184	5,184	-	5,184	-	5,184
7	Subtotal Intangible	5,129	10,634	-	10,634	-	10,634
8							
9	Treatment & Discharge						
10	310.00 Land and Land Rights	-	342,851	-	342,851	-	342,851
11	311.00 Structures and Improvements	14,156	2,588,821	82,151	2,670,972	-	2,670,972
12	312.00 Preliminary Treatment	(48,476)	1,093,924	8,683	1,102,607	-	1,102,607
13	313.00 Primary Treatment Equipment	69,148	1,093,563	(21,485)	1,072,078	-	1,072,078
14	314.00 Secondary Treatment Equipment	33,988	4,514,563	52,335	4,566,898	392,870	4,959,768
15	315.00 Tertiary Equipment	784,974	3,174,181	305,362	3,479,542	241,617	3,721,159
16	316.00 Disinfection Equipment	726	218,592	4,849	223,441	-	223,441
17	317.00 Effluent Lift Station E	6,146	343,945	(901)	343,044	1,118	344,162
18	318.00 Outfall Line	-	94,680	-	94,680	-	94,680
19	319.00 Sludge, Treatment & Distribution	(1,769)	856,563	50,579	907,142	13,869	921,011
20	321.00 Influent Lift Station	(542)	21,674	(3,675)	17,999	1,558	19,558
21	322.00 General Treatment Equipment	6,886	241,048	22,550	263,598	-	263,598
22	Subtotal Treatment & Discharge	865,238	14,584,405	500,448	15,084,853	651,032	15,735,885
23							
24	Collection and Influent						
25	340.00 Land and Land Rights	(56)	20,691	56	20,747	-	20,747
26	341.00 Structures and Improvements	(2,897)	299,291	70	299,361	-	299,361
27	342.00 Collection System Lift	(89,351)	1,337,295	857	1,338,153	105	1,338,258
28	343.00 Collection Mains	(75,013)	9,534,936	46,719	9,581,655	15,371	9,597,026
29	344.00 Force Mains	-	752,939	-	752,939	-	752,939
30	345.00 Discharge Services	(35,844)	2,639,446	551	2,639,997	1,451	2,641,448
31	348.00 Manholes	(15,136)	3,149,762	14,204	3,163,965	10,365	3,174,331
32	Subtotal Collection and Influent	(218,298)	17,734,360	62,457	17,796,817	27,293	17,824,109
33							
34	General						
35	389.00 Land and Land Rights	-	-	-	-	-	-
36	390.00 Structures and Improvements	-	-	-	-	250,266	250,266
37	391.00 Office Furniture and Equipment	(35,377)	33,804	110,466	144,270	1,723	145,993
38	391.10 Computer Equipment	5,168	5,168	-	5,168	-	5,168
39	392.00 Transportation Equipment	(1,824)	82,883	341	83,225	-	83,225
40	393.00 Stores Equipment	4,201	13,905	58	13,964	-	13,964
41	394.00 Tools, Shop and Garage	5,146	40,677	5,166	45,843	14,040	59,882
42	395.00 Laboratory Equipment	11,359	45,116	(3,108)	42,008	16,704	58,712
43	396.00 Power Operated Equipment	-	3,984	-	3,984	-	3,984
44	397.00 Communication Equipment	4,247	7,114	311,693	318,807	-	318,807
45	398.00 Miscellaneous Equipment	17,633	45,703	24,547	70,250	-	70,250
46	Subtotal General	10,554	278,355	449,163	727,518	282,732	1,010,251
47							
48							
49	ADFUC adjustment 3/95	-	(242,717)	-	(242,717)	-	(242,717)
50	TOTAL WASTEWATER PLANT	662,622	32,365,037	1,012,068	33,377,105	961,057	34,338,162

Arizona American - Sun City West Wastewater
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 6b
Witness: Bourassa

Exhibit
Schedule B-2
Page 6c
Witness: Bourassa

Line No.	Account No.	Description	1999 Net Plant Additions	1999 Plant Balance	2000 Net Plant Additions	2000 Plant Balance	2001 Net Plant Additions	2001 Plant Balance
1		Intangible						
2		301.00 Organization	-	4,078	-	4,078	-	4,078
3		302.00 Franchises	-	1,372	-	1,372	-	1,372
4		303.00 Miscellaneous Intangibles	-	5,184	-	5,184	(0)	5,184
5		Subtotal Intangible	-	10,634	-	10,634	(0)	10,634
6		Treatment & Discharge						
7		310.00 Land and Land Rights	-	342,851	199,468	542,319	(0)	542,319
8		311.00 Structures and Improvements	-	2,670,972	(8,321)	2,664,651	31,209	2,695,860
9		312.00 Preliminary Treatment	-	1,102,607	13	1,102,620	(33,877)	1,068,943
10		313.00 Primary Treatment Equipment	-	1,072,078	(628)	1,071,450	12,722	1,084,172
11		314.00 Secondary Treatment Equipment	392,870	4,959,768	651,395	5,611,163	103,313	5,714,476
12		315.00 Tertiary Equipment	241,617	3,721,159	1,038,436	4,759,596	(8,406)	4,751,190
13		316.00 Disinfection Equipment	-	223,441	19,856	243,297	1,772	245,070
14		317.00 Effluent Lift Station E	1,118	344,162	660,179	1,004,341	(0)	1,004,341
15		318.00 Outfall Line	-	94,680	-	94,680	(0)	94,680
16		319.00 Sludge, Treatment & Distribution	13,869	921,011	416,293	1,337,304	(0)	1,337,304
17		321.00 Influent Lift Station	1,558	19,558	757	20,315	71,231	91,546
18		322.00 General Treatment Equipment	-	283,598	635,475	899,073	2,987	902,060
19		Subtotal Treatment & Discharge	651,032	15,735,885	3,614,925	19,350,810	181,150	19,531,960
20		Collection and Influent						
21		340.00 Land and Land Rights	-	20,747	-	20,747	-	20,747
22		341.00 Structures and Improvements	-	299,361	-	299,361	-	299,361
23		342.00 Collection System Lift	105	1,338,258	141,295	1,479,553	(123,386)	1,356,167
24		343.00 Collection Mains	15,371	9,597,026	146,657	9,743,682	44,572	9,788,254
25		344.00 Force Mains	-	752,939	-	752,939	-	752,939
26		345.00 Discharge Services	1,451	2,641,448	3,713	2,645,161	-	2,645,161
27		348.00 Manholes	10,365	3,174,331	15,035	3,189,385	(0)	3,189,385
28		Subtotal Collection and Influent	27,293	17,824,109	306,699	18,130,808	(78,814)	18,051,994
29		General						
30		389.00 Land and Land Rights	-	-	-	-	-	-
31		390.00 Structures and Improvements	250,266	250,266	1,249,834	1,500,100	(303,984)	1,196,116
32		391.00 Office Furniture and Equipment	1,723	145,993	-	145,993	(3,279)	142,714
33		391.10 Computer Equipment	-	5,168	33,277	38,446	(4,378)	34,067
34		392.00 Transportation Equipment	-	83,225	12,560	95,785	138,966	234,751
35		393.00 Stores Equipment	-	13,964	-	13,964	(2,694)	11,270
36		394.00 Tools, Shop and Garage	14,040	59,882	(1,418)	58,464	45,151	103,615
37		395.00 Laboratory Equipment	16,704	58,712	123	58,835	(2,427)	56,408
38		396.00 Power Operated Equipment	-	3,984	8,970	12,955	(0)	12,955
39		397.00 Communication Equipment	-	318,807	-	318,807	(0)	318,807
40		398.00 Miscellaneous Equipment	-	70,250	-	70,250	(0)	70,250
41		Subtotal General	282,732	1,010,251	1,303,347	2,313,598	(132,645)	2,180,953
42		ADFC adjustment 3/95	-	(242,717)	-	(242,717)	-	(242,717)
43		TOTAL WASTEWATER PLANT	961,057	34,338,162	5,224,970	39,563,132	(30,309)	39,532,823

Arizona American
Acquisition Adjustment Allocation Factors
at December 31, 2001

Exhibit
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Witness: Bourassa

Line
No.

1	Citizens Acquisition Adjustment per Closing	\$ 71,224,550
2	Plus: Organizational Costs	912,534
3	Less: Sun City Sewer (Tolleson Trickling Filter)	500,000
4	Citizens Acquisition Adjustment	<u>\$ 71,637,084</u>

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		Plant			
Description		Original Cost (2)	Allocation Factor	Allocated Amount	
	Sun City Water	\$ 36,367,124	0.136055	\$ 9,746,553	
	Sun City Wastewater	19,643,850	0.073490	5,264,640	
	Sun City West Water	30,464,605	0.113972	8,164,652	
	Sun City West WasteWater	38,810,451	0.145195	10,401,376	
	Agua Fria (1)	49,647,296	0.185738	13,305,699	
	CWS Water (Anthem)	6,227,303	0.023297	1,668,945	
	CWR Water (Anthem)	34,987,898	0.130895	9,376,914	
	CWS Wastewater (Anthem)	17,004,194	0.063615	4,557,201	
	CWR Wastewater (Anthem)	5,887,108	0.022025	1,577,772	
	Tubac Valley	1,981,996	0.007415	531,184	
	Mohave Sewer (Sorenson)	1,480,997	0.005541	396,914	
	Mohave Water	22,842,642	0.085458	6,121,931	
	Havasut Water	1,952,588	0.007305	523,302	
	Totals	<u>\$ 267,298,052</u>	<u>1.000000</u>	<u>\$ 71,637,084</u>	

(1) Adjusted for Post Close Plant Adjustments of \$ 4,128,730
(2) After Common Plant Adjustments

SUPPORTING SCHEDULES

B2, Page 1 (Agua Fria Post Close Plant Adjustments)
B2, Page2

Arizona American - Sun City West Wastewater

Plant Additions and Retirements

Source: Asset Transactions, AWW UPIS Report, Asset Balance Report
2001 Reconciliation to AWW UPIS Report at Closing

Exhibit

Schedule B-2

Page 8

Witness: Bourassa

Account No.	Description	Balance Per AWW UPIS at Closing	Balance Per ACC Report	Additional Plant at Closing	AWW UPIS Accumulated Depreciation	ACC Report Accumulated Depreciation	Additional Accumulated Depreciation
Intangible							
301.00	Organization	\$ 4,078	\$ 4,078	\$ -		\$ -	\$ -
302.00	Franchises	1,372	1,372	-		-	-
303.00	Miscellaneous Intangibles	5,184	5,184	0		-	-
	Subtotal Intangible	\$ 10,634	\$ 10,634	\$ 0	\$ -	\$ -	\$ -
Treatment & Discharge							
310.00	Land and Land Rights	\$ 542,319	\$ 542,319	\$ 0		\$ -	\$ -
311.00	Structures and Improvements	2,695,860	2,695,860	-	1,636,500	1,569,131	67,369
312.00	Preliminary Treatment	1,068,943	1,068,943	-	582,392	555,679	26,713
313.00	Primary Treatment Equipment	1,084,172	1,084,172	-	535,800	508,707	27,093
314.00	Secondary Treatment Equipment	5,714,476	5,714,476	-	2,453,354	2,310,550	142,804
315.00	Tertiary Equipment	6,087,981	4,751,190	1,336,791	1,686,172	1,041,309	644,863
316.00	Disinfection Equipment	245,070	245,070	-	162,002	155,878	6,124
317.00	Effluent Lift Station E	1,004,341	1,004,341	(0)	459,319	417,153	42,165
318.00	Outfall Line	94,680	94,680	-	70,529	68,163	2,366
319.00	Sludge, Treatment & Distribution	-	1,337,304	(1,337,304)	-	492,725	(492,725)
321.00	Influent Lift Station	91,546	91,546	-	18,316	14,473	3,843
322.00	General Treatment Equipment	902,060	902,060	-	147,306	124,764	22,542
	Subtotal Treatment & Discharge	\$ 19,531,447	\$ 19,531,960	\$ (513)	\$ 7,751,691	\$ 7,258,533	\$ 493,158
Collection and Influent							
340.00	Land and Land Rights	\$ 20,747	\$ 20,747	\$ -		\$ -	\$ -
341.00	Structures and Improvements	-	299,361	(299,361)		46,184	(46,184)
342.00	Collection System Lift	1,356,167	1,356,167	-	1,248,263	1,191,327	56,936
343.00	Collection Mains	12,977,620	9,788,254	3,189,365	3,966,296	2,858,898	1,107,398
344.00	Force Mains	752,939	752,939	-	220,480	212,690	7,790
345.00	Discharge Services	2,645,161	2,645,161	-	781,065	754,095	26,969
348.00	Manholes	-	3,189,365	(3,189,365)	-	975,240	(975,240)
	Subtotal Collection and Influent	\$ 17,752,633	\$ 18,051,994	\$ (299,361)	\$ 6,216,103	\$ 6,038,435	\$ 177,668
General							
389.00	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
390.00	Structures and Improvements	1,495,477	1,196,116	299,361	82,618	33,935	48,683
391.00	Office Furniture and Equipment	176,781	142,714	34,067	296	(2,555)	2,851
391.10	Computer Equipment	-	34,067	(34,067)		(1,205)	1,205
392.00	Transportation Equipment	234,751	234,751	-	99,500	70,168	29,332
393.00	Stores Equipment	11,270	11,270	-	(23)	(243)	220
394.00	Tools, Shop and Garage	103,615	103,615	-	11,180	8,865	2,314
395.00	Laboratory Equipment	56,408	56,408	-	13,662	12,616	1,046
396.00	Power Operated Equipment	12,955	12,955	0	1,980	1,655	325
397.00	Communication Equipment	318,807	318,807	0	118,459	102,047	16,412
398.00	Miscellaneous Equipment	70,250	70,250	0	27,320	25,529	1,791
	Subtotal General	\$ 2,480,314	\$ 2,180,953	\$ 299,361	\$ 354,991	\$ 250,813	\$ 104,178
TOTAL WASTEWATER PLANT		\$ 39,775,027	\$ 39,775,540	\$ (513)	\$ 14,322,785	\$ 13,547,781	\$ 775,004

Arizona American - Sun City West Wastewater
2002 Proforma Plant
at December 31, 2001

Exhibit
Schedule B-2
Page 9
Witness: Bourassa

Line	Account		
No.	No.	Description	Amount
1			
2	351	Organization	\$ -
3	352	Franchises	-
4	353	Land and Land Rights	-
5	354	Structures and Improvements	43,700
6	355	Power Generation Equipment	-
7	360	Collection sewers -Porce	-
8	361	Collection Sewers - Gravity	4,600
9	362	Special Collecting Structures	-
10	363	Services to customers	-
11	364	Flow measuring Devices	-
12	365	Flow measuring Installations	-
13	366	Reuse Services	-
14	367	Reuse Meters and Meter Install	-
15	370	Receiving Wells	-
16	371	Pumping Equipment	6,300
17	374	Reuse Distribution Reservoirs	-
18	375	Reuse Transmission and Distrib	-
19	380	Treatment and Disposal Equipme	6,300
20	381	Plant Sewers	-
21	382	Outfall Sewer Lines	-
22	389	Other Plant and Miscellaneous	-
23	390	Office Furniture and Equipment	114,000
24	391	Transportation Equipment	-
25	392	Stores Equipment	-
26	393	Tools, Shop and Garage Equipme	5,500
27	394	Laboratory Equipment	5,500
28	395	Power Operated Equipment	-
29	396	Communication Equipment	27,200
30	397	Miscellaneous Equipment	-
31	398	Other Tangible Plant	-
32			
33		TOTAL WASTEWATER PLANT	<u>\$ 213,100</u>
34			
35		<u>SUPPORTING SCHEDULES</u>	
36			
37			
38			
39			
40			

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
RCND Rate Base Proforma Adjustments

Exhibit
Schedule B-3
Page 1
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Label	Adjustments Amount	Adjusted at end of Test Year
1	Gross Utility				
2	Plant in Service	\$ 58,640,772	(1)	(513)	\$ 58,932,134
3			(2)	213,100	
4	Less:		(6)	-	
5			(7)	78,774	
6	Accumulated				
7	Depreciation	20,644,090	(3)	775,004	21,419,094
8					
9	Net Utility Plant				
10	in Service	\$ 37,996,682			\$ 37,513,040
11					
12	Less:				
13	Advances in Aid of				
14	Construction (Ratemaking Purposes Only)	24,328,488	(4)	(1,319,957)	21,858,105
15	Contributions in Aid of		(5)	(1,150,427)	
16	Construction - Net (Ratemaking	1,049,510	(4)	(1,505)	2,198,432
17	Purposes Only)		(5)	1,150,427	
18	Customer Meter Deposits	525			525
19	Deferred Income Taxes	-			-
20	Investment Tax Credits	-			-
21	Plus:				
22	Deferred Finance				
23	Charges	-			-
24	Deferred Tax Assets	-			-
25	Working capital	-			-
26	Citizens Acquisition Adjustment	-			-
27					
28	Total	\$ 12,618,159			\$ 13,455,978
29					
30					
31	(1) Additional Plant at Closing				
32	(2) Plant to be completed by 12/31/2002.				
33	(3) Additional Accumulated Depreciation at Closing				
34	(4) Increase (decrease) AIAC and CIAC to amount at Closing (trended)				
35	(5) Adjust AIAC and CIAC for Ratemaking Purposes				
36	(6) Intentionally Left Blank				
37	(7) Orcom Costs				
38					
39	<u>SUPPORTING SCHEDULES:</u>				<u>RECAP SCHEDULES:</u>
40	B-4				B-1
41					
42					

Arizona American - Sun City West Wastewater
RCND Plant Summary with Common Plant Allocation
at December 31, 2001

Exhibit
Schedule B-4
Page 1
Witness: Bourassa

Line No.	Account No.	Description	Trended Reproduction Cost New	Accumulated Depreciation
1		Intangible		
2	301.00	Organization	\$ 8,370	\$ -
3	302.00	Franchises	1,740	-
4	303.00	Miscellaneous Intangibles	5,946	-
5		Subtotal Intangible	\$ 16,056	\$ -
6				
7		Treatment & Discharge		
8	310.00	Land and Land Rights	\$ 745,494	\$ -
9	311.00	Structures and Improvements	4,460,216	2,596,079
10	312.00	Preliminary Treatment	1,690,078	878,569
11	313.00	Primary Treatment Equipment	1,615,967	758,232
12	314.00	Secondary Treatment Equipment	8,457,854	3,419,789
13	315.00	Tertiary Equipment	6,214,209	1,361,956
14	316.00	Disinfection Equipment	423,463	269,346
15	317.00	Effluent Lift Station E	1,311,801	544,857
16	318.00	Outfall Line	173,094	124,615
17	319.00	Sludge, Treatment & Distribution	1,868,143	688,311
18	321.00	Influent Lift Station	97,224	15,370
19	322.00	General Treatment Equipment	1,017,847	140,779
20		Subtotal Treatment & Discharge	\$ 28,075,389	\$ 10,797,903
21				
22		Collection and Influent		
23	340.00	Land and Land Rights	\$ 34,397	\$ -
24	341.00	Structures and Improvements	389,627	60,110
25	342.00	Collection System Lift	1,897,026	1,666,445
26	343.00	Collection Mains	15,934,945	4,654,189
27	344.00	Force Mains	1,568,335	443,024
28	345.00	Discharge Services	4,097,064	1,168,011
29	348.00	Manholes	5,100,900	1,559,747
30		Subtotal Collection and Influent	\$ 29,022,295	\$ 9,551,526
31				
32		ALLOCATED COMMON PLANT	\$ 1,819,772	\$ 383,876
33				
34				
35		ADFUC adjustment 3/95	(292,741)	(89,214)
36		TOTAL WASTEWATER PLANT	\$ 58,640,772	\$ 20,644,090

SUPPORTING SCHEDULES

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B-4, Page 3

Arizona American - Sun City West Wastewater
RCND Common Plant Allocation
at December 31, 2002

Exhibit
Schedule B-4
Page 2
Witness: Bourassa

Line	Account		Trended	Accumulated	Allocation	Allocated	Allocated
No.	No.	Description	Amount	Depreciation	Factor	Trended	Accumulated
						Amount	Depreciation
1							
2		Maricopa Common Plant					
3	389.00	Land and Land Rights	\$ 12,628	\$ -	0.15989	\$ 2,019	\$ -
4	390.00	Structures and Improvements	4,545,571	506,059	0.15989	726,793	80,914
5	391.00	Office Furniture and Equipment	1,286,955	502,142	0.15989	205,772	80,288
6	391.10	Computer Equipment	1,588,744	(483,558)	0.15989	254,025	(77,316)
7	392.00	Transportation Equipment	1,988,785	1,155,595	0.15989	317,988	184,769
8	393.00	Stores Equipment	37,463	10,952	0.15989	5,990	1,751
9	394.00	Tools, Shop and Garage	523,808	14,105	0.15989	83,752	2,255
10	395.00	Laboratory Equipment	150,719	27,352	0.15989	24,099	4,373
11	396.00	Power Operated Equipment	154,364	56,063	0.15989	24,681	8,964
12	397.00	Communication Equipment	697,864	415,524	0.15989	111,582	66,438
13	398.00	Miscellaneous Equipment	394,470	196,632	0.15989	63,072	31,440
14							
15							
16							
17							
18							
19		TOTALCOMMON PLANT	\$ 11,381,370	\$ 2,400,866		\$ 1,819,772	\$ 383,876

22 SUPPORTING SCHEDULES
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Arizona American - Sun City West Wastewater
RCND Plant Summary
at December 31, 2001

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Line No.	Account No.	Description	Trended Reproduction Cost New	Accumulated Depreciation
1		Intangible		
2	301.00	Organization	\$ 8,370	\$ -
3	302.00	Franchises	1,740	-
4	303.00	Miscellaneous Intangibles	5,946	-
5		Subtotal Intangible	\$ 16,056	\$ -
6				
7		Treatment & Discharge		
8	310.00	Land and Land Rights	\$ 745,494	\$ -
9	311.00	Structures and Improvements	4,460,216	2,596,079
10	312.00	Preliminary Treatment	1,690,078	878,569
11	313.00	Primary Treatment Equipment	1,615,967	758,232
12	314.00	Secondary Treatment Equipment	8,457,854	3,419,789
13	315.00	Tertiary Equipment	6,214,209	1,361,956
14	316.00	Disinfection Equipment	423,463	269,346
15	317.00	Effluent Lift Station E	1,311,801	544,857
16	318.00	Outfall Line	173,094	124,615
17	319.00	Sludge, Treatment & Distribution	1,868,143	688,311
18	321.00	Influent Lift Station	97,224	15,370
19	322.00	General Treatment Equipment	1,017,847	140,779
20		Subtotal Treatment & Discharge	\$ 28,075,389	\$ 10,797,903
21				
22		Collection and Influent		
23	340.00	Land and Land Rights	\$ 34,397	\$ -
24	341.00	Structures and Improvements	389,627	60,110
25	342.00	Collection System Lift	1,897,026	1,666,445
26	343.00	Collection Mains	15,934,945	4,654,189
27	344.00	Force Mains	1,568,335	443,024
28	345.00	Discharge Services	4,097,064	1,168,011
29	348.00	Manholes	5,100,900	1,559,747
30		Subtotal Collection and Influent	\$ 29,022,295	\$ 9,551,526
31				
32		General		
33	389.00	Land and Land Rights	\$ -	\$ -
34	390.00	Structures and Improvements	1,283,529	36,415
35	391.00	Office Furniture and Equipment	162,862	(2,916)
36	391.10	Computer Equipment	35,611	(1,259)
37	392.00	Transportation Equipment	256,541	76,681
38	393.00	Stores Equipment	13,263	(286)
39	394.00	Tools, Shop and Garage	114,584	9,804
40	395.00	Laboratory Equipment	66,245	14,817
41	396.00	Power Operated Equipment	14,045	1,794
42	397.00	Communication Equipment	362,501	116,033
43	398.00	Miscellaneous Equipment	88,564	32,184
44		Subtotal General	\$ 2,397,742	\$ 283,267
45				
46				
47		ADFUC adjustment 3/95	(292,741)	(89,214)
48		TOTAL WASTEWATER PLANT	\$ 59,218,742	\$ 20,543,481
49				
50				
51		* AFUDC Accumulated Depreciation		
52		AFUDC Adjustment	\$ 242,717	
53		Years	6.75	
54		Composite Rate	3.55%	
55		Total		\$ 58,161
56		Plus A/D @ 3/95 per Staff		15,808
57		Total A/D at 12/2001		\$ 73,969
58				
59		RCN Trend Factor from 1995	1.2061	\$ 292,741
60				
61		SUPPORTING SCHEDULES		
62		B-4, Page 4+		
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RCN Asset Listing
Plant at 12/31/2001Exhibit
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Witness: Bourassa

Company Code: 4005 Business Area: 4507 Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T30100	Organization					
1677124	UNIDENTIFIED	1	19790701	4,078.00	2.0525	8,370.10
	Total for class T30100:			4,078.00		8,370.10
Asset Class: T30200	Franchises					
1677125	UNIDENTIFIED	1	19790701	50.00	2.0525	102.63
1677300	UNIDENTIFIED	1	19810101	18.00	1.7464	31.44
1679405	FRANCHISES & CON	0	19941015	1,304.00	1.2315	1,605.88
	Total for class T30200:			1,372.00		1,739.95
Asset Class: T30300	Miscellaneous Intangibles					
1680417	MISCELLANEOUS IN	1	19970115	5,183.59	1.1471	5,946.10
	Total for class T30300:			5,183.59		5,946.10
Asset Class: T31000	Land and Land Rights					
1677382	PARCEL EACH	2	19820101	89,506.00	1.7206	154,004.02
1677384	INTEREST PRIVILE	1	19820101	15.00	1.7206	25.81
1677708	PARCEL EACH	1	19860101	253,330.00	1.5195	384,934.94
3091408	LAND & LAND RIGH	1	20001130	125,963.93	1.0354	130,423.05
3091409	LEGAL & CONSULTA	1	20001130	73,503.90	1.0354	76,105.94
	Total for class T31000:			542,318.83		745,493.76
Asset Class: T31100	Structures and Improvements					
1677216	Structures & Imp	0	19800701	1,867,070.00	1.8282	3,413,377.37
1677302	FLOORING	1	19810101	4,362.00	1.7464	7,617.80
1677386	GRADING EACH LOT	1	19820101	15,899.00	1.7206	27,355.82
1677392	PLATFORM	2	19820101	11,263.00	1.7206	19,379.12
1677460	MOTOR	2	19830101	91.50	1.6480	150.79
1677461	COMPLETE ELECTRI	1	19830101	12,232.00	1.6480	20,158.34
1677462	MINOR STRUCTURE	0	19830101	10,425.00	1.6480	17,180.40
1677463	WELL	1	19830101	2,540.00	1.6480	4,185.92
1677469	MANHOLE	2	19830101	13,734.00	1.6480	22,633.63
1677520	COMPRESSOR	1	19840317	1,880.00	1.6028	3,013.26
1677522	PIPING OVER 3 IN	1	19840317	5,003.00	1.6028	8,018.81
1677526	SURFACING	1	19840317	104.00	1.6028	166.69
1677530	YARD PIPING	1	19840317	1,706.00	1.6028	2,734.38
1677617	DUCT	1	19850510	140.00	1.5394	215.52

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RCN Asset Listing
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Witness: Bourassa

Company Code: 4005 Business Area: 4507 Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	T31100 Structures and Improvements					
1677618	COMPLETE ELECTRI	1	19850510	6,013.00	1.5394	9,256.41
1677619	PIPING 3 INCHES	1	19850510	620.00	1.5394	954.43
1677620	MINOR STRUCTURE	1	19850510	329.00	1.5394	506.46
1677712	MINOR STRUCTURE	1	19860510	1,608.00	1.5195	2,443.36
1677715	METER	3	19860510	1,571.00	1.5195	2,387.13
1677729	YARD PIPING	1793	19860510	24,361.00	1.5195	37,016.54
1677926	MOTOR	1	19871001	864.89	1.4810	1,280.90
1678278	SPACE HEATER	1	19881001	60.30	1.4267	86.03
1678282	CONDUCTOR	0	19881001	942.53	1.4267	1,344.71
1678286	DRIVEWAY	0	19881001	682.00	1.4267	973.01
1678435	TRANSFORMER	0	19890315	986.11	1.4096	1,390.02
1678439	COMPLETE PLUMBIN	0	19890315	2,032.80	1.4096	2,865.43
1678444	CATCH BASIN	0	19891215	7,884.84	1.3930	10,983.58
1678446	PIPING	0	19891215	5,155.89	1.3930	7,182.15
1678449	DRIVEWAY	0	19891215	6,845.27	1.3930	9,535.46
1678660	COMPRESSOR	1	19900315	829.28	1.3930	1,155.19
1678818	ELECTRIC WATER H	1	19910615	750.00	1.3765	1,032.38
1678978	SIGNS EACH	3	19920115	212.59	1.3765	292.63
1678980	MOTOR	1	19920115	230.20	1.3765	316.87
1678982	PIPING UNDER 3 I	1	19920115	234.69	1.3765	323.05
1678983	CONTROL	12	19920115	152.31	1.3765	209.65
1678979	AIR CONDITIONING	1	19921115	13,835.00	1.3448	18,605.31
1679171	SIGNS EACH	20	19930215	222.29	1.3146	292.22
1679172	VENETIAN BLINDS	3	19930215	194.75	1.3146	256.02
1679173	AIR CONDITIONING	1	19930215	719.91	1.3146	946.39
1679174	PIPING UNDER 3 I	2	19930215	128.76	1.3146	169.27
1679176	LIGHTING FIXTURE	1	19930215	1,743.35	1.3146	2,291.81
1679178	SPACE HEATER	2	19930215	645.44	1.3146	848.50
1679179	BACK FLOW PREVEN	1	19930215	102.99	1.3146	135.39
1679180	COOLER	15	19930215	316.09	1.3146	415.53
1679181	PUMP	4	19930215	1,379.87	1.3146	1,813.98
1679184	CONTROL	16	19930215	2,897.70	1.3146	3,809.32
1679170	ROOFING EACH	1	19930515	12,054.00	1.3146	15,846.19
1679406	ROOF EACH	1	19940115	590.44	1.2580	742.77
1679407	ROOF EACH	25	19940115	592.40	1.2580	745.24

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RCN Asset Listing
Plant at 12/31/2001

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Company Code: 4005		Business Area: 4507		Sun City West Wastewater		
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T31100 Structures and Improvements						
1679408	SIGNS EACH	19	19940115	82.46	1.2580	103.73
1679409	DUCT	6	19940115	314.79	1.2580	396.01
1679412	PIPING UNDER 3 I	9	19940115	54.25	1.2580	68.25
1679413	CONDUCTOR	0	19940115	260.97	1.2580	328.30
1679414	LIGHTING FIXTURE	2	19940115	620.61	1.2580	780.73
1679415	TRANSFORMER	2	19940115	198.99	1.2580	250.33
1679416	PIPING 3 INCHES	20	19940115	59.67	1.2580	75.06
1679418	MINOR STRUCTURE	1	19940115	641.74	1.2580	807.31
1679420	BACK FLOW PREVEN	1	19940115	351.53	1.2580	442.22
1679423	PIPING	1	19940115	569.52	1.2580	716.46
1679697	FOUNDATION AND S	20	19940115	19,068.20	1.2580	23,987.80
1679712	SIGNS	10	19940115	1,906.70	1.2580	2,398.63
1679738	LADDER	2	19940115	2,615.51	1.2580	3,290.31
1679745	PIPING UNDER 3 I	1	19940115	351.80	1.2580	442.56
1679748	SHOWER	1	19940115	2,552.74	1.2580	3,211.35
1679750	BACK FLOW PREVEN	1	19940115	784.66	1.2580	987.10
1679755	PIPING	20	19940115	6,105.92	1.2580	7,681.25
1679699	FOUNDATION AND S	50	19940715	90,117.68	1.2315	110,979.92
1679709	INT OR EXTERIOR	1	19940715	42,321.85	1.2315	52,119.36
1679711	DOOR STORM	0	19940715	6,928.85	1.2315	8,532.88
1679728	STACK	3	19940715	398.43	1.2315	490.67
1679736	ALUMINUM HAND RA	80	19940715	3,007.12	1.2315	3,703.27
1679740	LADDER	1	19940715	4,510.67	1.2315	5,554.89
1679758	MOTOR	1	19940715	6,014.24	1.2315	7,406.54
1679760	BLOWER	1	19940715	3,007.12	1.2315	3,703.27
1679761	DUCT EACH RUN	55	19940715	7,517.78	1.2315	9,258.15
1679762	PIPING	500	19940715	18,042.69	1.2315	22,219.57
1679763	FIXTURE	3	19940715	14,283.79	1.2315	17,590.49
1679766	GRADING	1	19940715	70,793.46	1.2315	87,182.15
1679767	ROADWAY	460	19940715	28,492.41	1.2315	35,088.40
1679769	SIDEWALK	209	19940715	10,712.84	1.2315	13,192.86
1679410	HEAT EXCHANGER	1	19940815	2,892.50	1.2315	3,562.11
1679421	COOLER	1	19940815	3,253.50	1.2315	4,006.69
1679424	FENCE	8071	19941015	68,285.45	1.2315	84,093.53
1679726	HEAT EXCHANGER	0	19950115	298.51	1.2061	360.03

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RCN Asset Listing Plant at 12/31/2001

Company Code: 4005 Business Area: 4507

Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	T31100 Structures and Improvements					
1679744	PIPING 3 INCHES	2	19950115	73.76	1.2061	88.96
1679752	COOLER	0	19950115	298.51	1.2061	360.03
1679772	YARD IMPROVEMENT	1	19950115	60.82	1.2061	73.36
1679705	CEILING	800	19951215	2,039.50	1.1939	2,434.96
1679716	RACKS	1	19951215	90.00	1.1939	107.45
1679720	DUCT	0	19951215	488.18	1.1939	582.84
1679731	CONDUIT	2	19951215	313.55	1.1939	374.35
1679732	CONDUIT	2	19951215	34.44	1.1939	41.12
1679741	BATTERY	3	19951215	1,266.01	1.1939	1,511.49
1679747	PIPING UNDER 3 I	3	19951215	807.37	1.1939	963.92
1679764	CONDUIT	1	19951215	538.52	1.1939	642.94
1679706	CEILING	0	19960115	106.75	1.1818	126.16
1679729	STACK	0	19960115	13,537.73	1.1818	15,998.89
1679754	WATER SOFTENER	2	19960115	1,346.90	1.1818	1,591.77
1680129	ROOF	2	19960915	6,903.51	1.1700	8,077.11
1680130	INT OR EXTERIOR	0	19961215	1,984.47	1.1700	2,321.83
1680131	RACKS	0	19961215	20.84	1.1700	24.38
1680133	CONDUCTOR	0	19961215	579.40	1.1700	677.90
1680146	FENCE	0	19961215	34,223.61	1.1700	40,041.62
1680149	REMOTE TELEMETER	1	19961215	499.76	1.1700	584.72
1680418	FOUNDATION AND S	2	19970215	634.54	1.1471	727.88
1680420	RACKS	2	19971215	1,430.26	1.1471	1,640.65
1680426	CONDUIT	1	19971215	610.46	1.1471	700.26
1680427	CONDUCTOR	1	19971215	722.78	1.1471	829.10
1680428	CONDUCTOR	4	19971215	534.36	1.1471	612.96
1680429	CONDUCTOR	1	19971215	26,933.70	1.1471	30,895.65
1680431	BACK FLOW PREVEN	2	19971215	223.75	1.1471	256.66
1680670	LANDSCAPING	0	19981015	49,325.45	1.1250	55,491.13
1680671	WATERING SYSTEM	0	19981015	30,321.11	1.1250	34,111.25
1680662	MOTOR	1	19981215	104.61	1.1250	117.69
1680666	CONTROL PANEL	1	19981215	99.74	1.1250	112.21
1680667	LIGHTING FIXTURE	2	19981215	106.12	1.1250	119.39
1680669	FIXTURE	6	19981215	366.00	1.1250	411.75
3091361	Minor Structure	1	20001130	1,158.11	1.0354	1,199.11
3093509	NEW COND/COMP. U	1	20001231	3,201.83	1.0354	3,315.17

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RCN Asset Listing Plant at 12/31/2001

Exhibit
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Witness: Bourassa

Company Code: 4005 Business Area: 4507 Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	T31100 Structures and Improvements					
3093596	New Cond/Comp un	1	20001231	3,160.66	1.0354	3,272.55
3093680	REPAIRS/REPL A/C	1	20001231	1,916.38	1.0354	1,984.22
3118259	REPAIR, POWERWASH	1	20010731	6,554.00	1.0000	6,554.00
3118260	REMOVE AC DUCTIN	1	20010731	5,905.00	1.0000	5,905.00
3118261	REMOVE & REPLACE	1	20010731	10,970.00	1.0000	10,970.00
3128977	1 lot NEFCO "Sta	17300	20011017	24,710.24	1.0000	24,710.24
Total for class T31100:				2,695,859.87		4,460,216.03
Asset Class:	T31200 Preliminary Treatment					
1677217	Preliminary Trea	1	19800701	597,378.00	1.8282	1,092,126.46
1677394	VALVE	3	19820101	148.91	1.7206	256.21
1677533	GRIT CHAMBERS	1	19840101	10,397.00	1.6028	16,664.31
1677623	METER MAGNETIC F	2	19850101	4,325.00	1.5394	6,657.91
1677624	GRIT CHAMBERS	0	19850101	169.00	1.5394	260.16
1677730	GRATING	1	19860101	3,629.00	1.5195	5,514.27
1678453	GRIT CHAMBERS	1	19890315	1,262.46	1.4096	1,779.56
1679701	BAR SCREEN CONTR	2	19940115	22,040.57	1.2580	27,727.04
1679773	FLUME MEASURING	1	19940115	15,786.25	1.2580	19,859.10
1679784	BAR OR RACK SCRE	2	19940115	117,336.14	1.2580	147,608.86
1679786	GRIT CHAMBERS	0	19940115	141,719.91	1.2580	178,283.65
1679787	GRIT SCREW	0	19940115	36,723.07	1.2580	46,197.62
1679789	FABRICATED WEIR/	2	19940115	40,346.75	1.2580	50,756.21
1679790	FABRICATED BAFFL	2	19940115	12,388.67	1.2580	15,584.95
1679791	AIR DIFFUSION SY	2	19940115	3,651.55	1.2580	4,593.65
1679792	DISPOSAL CHUTE	1	19940115	3,716.61	1.2580	4,675.50
1679793	AIR PIPING	75	19940115	21,807.11	1.2580	27,433.34
1679794	SLUICE GATE	1	19940115	22,764.16	1.2580	28,637.31
1679779	METER ULTRASONIC	2	19950115	1,065.58	1.2061	1,285.20
1679780	METER ULTRASONIC	2	19951215	3,726.27	1.1939	4,448.79
1679782	METER ULTRASONIC	1	19951215	2,008.99	1.1939	2,398.53
1679788	MOTOR	0	19951215	46.15	1.1939	55.10
1679781	METER ULTRASONIC	0	19960115	258.84	1.1818	305.90
1679783	METER ULTRASONIC	0	19960115	139.80	1.1818	165.22
1680150	MECHANICAL CLEAN	2	19961215	874.27	1.1700	1,022.90
1680151	PUMP COMPLETE	1	19961215	995.78	1.1700	1,165.06

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RCN Asset Listing
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Witness: Bourassa

Company Code: 4005		Business Area: 4507		Sun City West Wastewater		
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T31200 Preliminary Treatment						
1680153	IMPELLER	1	19961215	875.99	1.1700	1,024.91
1680155	MOTOR	2	19961215	1,347.15	1.1700	1,576.17
3128978	Chemical Feed Pu	1	20011017	2,014.40	1.0000	2,014.40
Total for class T31200:				1,068,943.38		1,690,078.29
Asset Class: T31300 Primary Treatment Equipment						
1677218	Preliminary Trea	0	19800701	458,163.00	1.8282	837,613.60
1677470	MOTOR	1	19830101	280.00	1.6480	461.44
1677534	GREASE SKIMMER A	2	19840101	487.00	1.6028	780.56
1677535	PIPING 3 INCHES	1	19840101	41.00	1.6028	65.71
1678289	PIPING 3 INCHES	0	19881001	88.66	1.4267	126.49
1678290	PRIM REDUCR GEAR	2	19881001	1,145.18	1.4267	1,633.83
1678455	CHEMICAL PUMP	1	19890315	1,752.15	1.4096	2,469.83
1678454	CHEMICAL PUMP	1	19890815	1,812.00	1.3930	2,524.12
1678662	CHEMICAL PUMP	1	19900115	645.00	1.3930	898.49
1678663	CHEMICAL STORAGE	1	19900115	415.20	1.3930	578.37
1678984	MOTOR	1	19920115	463.48	1.3765	637.98
1679427	DRIVE UNIT	1	19940115	936.81	1.2580	1,178.51
1679428	WATER SEAL SYSTE	2	19940115	273.41	1.2580	343.95
1679795	BRIDGE ASSEMBLY	1	19940615	41,140.96	1.2580	51,755.33
1679796	CLARIFIER	1	19940615	186,335.28	1.2580	234,409.78
1679797	DRIVE UNIT	1	19940615	44,432.24	1.2580	55,895.76
1679798	GREASE SKIMMER A	1	19940615	32,912.76	1.2580	41,404.25
1679799	PIPING 3 INCHES	0	19940615	19,900.75	1.2580	25,035.14
1679800	PIPING 3 INCHES	1	19940615	6,582.53	1.2580	8,280.82
1679801	PIPING 3 INCHES	70	19940615	64,179.91	1.2580	80,738.33
1679802	REGULATING OR RE	2	19940615	13,594.63	1.2580	17,102.04
1679803	SLUDGE COLLECTOR	0	19940615	45,142.02	1.2580	56,788.66
1679804	SLUDGE COLLECTOR	1	19940615	41,140.98	1.2580	51,755.35
1679808	CHEMICAL STORAGE	1	19940615	41,610.63	1.2580	52,346.17
1679805	SLUDGE PUMP OR O	2	19951215	4,908.01	1.1939	5,859.67
1679806	SLUDGE PUMP OR O	4	19951215	41.65	1.1939	49.73
1680158	WEIR OR BAFFLE P	1	19961215	11,514.76	1.1700	13,472.27
1680435	SLUDGE PUMP OR O	2	19970215	35,898.89	1.1471	41,179.62
1680438	MOTOR	2	19970215	2,609.78	1.1471	2,993.68

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Company Code: 4005 Business Area: 4507 Sun City West Wastewater

Asset Class:	Main Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
T31300	Primary Treatment Equipment					
1680433	SLUDGE COLLECTOR	0	19971015	7,992.53	1.1471	9,168.23
1680436	SLUDGE PUMP OR O	2	19971215	910.64	1.1471	1,044.60
1680674	FLOAT SWITCH	2	19980115	3,784.73	1.1360	4,299.45
1680672	REGULATING OR RE	1	19981215	313.81	1.1250	353.04
3117982	ROYCE MODEL 2501	2	20010731	10,176.81	1.0000	10,176.81
3128995		1	20011017	29.07	1.0000	29.07
3128996	A101134 MOTOR, 1	2	20011017	908.91	1.0000	908.91
3128997	DTTS008,TTS-40 P	2	20011017	732.51	1.0000	732.51
3129014	Scrubber No. 4 R	1	20011017	874.45	1.0000	874.45
Total for class T31300:				1,084,172.13		1,615,966.55

Asset Class:	T31400	Secondary Treatment Equipment				
1677219	Secondary Treatm	0	19800701	2,649,803.00	1.8282	4,844,369.84
1677308	PIPING 3 INCHES	1	19810101	345.00	1.7464	602.51
1677471	VALVE	4	19830101	2,198.00	1.6480	3,622.30
1677472	OILING SYSTEM	2	19830101	1,231.00	1.6480	2,028.69
1677536	GRATING	200	19840101	1,461.00	1.6028	2,341.69
1677625	REGULATING OR RE	2	19850101	926.00	1.5394	1,425.48
1677626	GAUGE	2	19850101	128.00	1.5394	197.04
1677627	PIPING 3 INCHES	1	19850101	99.00	1.5394	152.40
1677629	CONTROL	3	19850101	1,396.00	1.5394	2,149.00
1677732	METER	4	19860101	1,088.00	1.5195	1,653.22
1677733	OILING SYSTEM	1	19860101	947.00	1.5195	1,438.97
1677734	CONTROL	1	19860101	443.00	1.5195	673.14
1677735	CONTROL	3	19860101	1,137.00	1.5195	1,727.67
1677736	SLUICE GATE	1	19860101	716.00	1.5195	1,087.96
1677953	RAILING EACH SEC	0	19870101	160.25	1.4999	240.36
1677951	CONTROL	0	19870701	642.74	1.4810	951.90
1677946	CLARIFIER	0	19871001	220.56	1.4810	326.65
1677949	OILING SYSTEM	1	19871001	1,546.00	1.4810	2,289.63
1677952	CONTROL	1	19871001	443.68	1.4810	657.09
1678295	CONDUIT	0	19880101	79.57	1.4624	116.36
1678294	CONDUIT	0	19880401	249.99	1.4624	365.59
1678297	TRANSFORMER	1	19880401	1,267.02	1.4624	1,852.89
1678296	CONTROL	3	19880701	1,773.84	1.4267	2,530.74

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Company Code: 4005		Business Area: 4507		Sun City West Wastewater		
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T31400 Secondary Treatment Equipment						
1678292	VALVE	1	19881001	193.23	1.4267	275.68
1678293	CONDUCTOR	0	19881001	79.57	1.4267	113.52
1678456	CLARIFIER	0	19890315	868.76	1.4096	1,224.60
1678457	MAYOR MOTOR CONT	0	19890315	681.06	1.4096	960.02
1678458	MAYOR MOTOR CONT	0	19890315	1,071.15	1.4096	1,509.89
1678459	CONTROL	2	19891015	1,593.00	1.3930	2,219.05
1678668	REGULATING OR RE	1	19900115	587.63	1.3930	818.57
1678665	DRIVE UNIT OR CO	0	19900615	622.06	1.3930	866.53
1678667	PUMP SHAFT	0	19900615	4,697.61	1.3930	6,543.77
1678669	IMPELLER	0	19900615	4,715.33	1.3930	6,568.45
1678666	MECHANICAL SEAL	0	19901215	160.00	1.3605	217.68
1678830	CONTROL	1	19910515	252.00	1.3765	346.88
1678828	VALVE	2	19910615	563.00	1.3765	774.97
1678829	CONDUIT	4	19910615	823.54	1.3765	1,133.60
1678831	CONTROL	1	19910615	223.46	1.3765	307.59
1678826	MECHANICAL SEAL	1	19911215	1,179.54	1.3605	1,604.76
1678827	PUMP SHAFT	1	19911215	686.46	1.3605	933.93
1678987	CONDUCTOR	1	19920115	344.58	1.3765	474.31
1678989	CONTROL	2	19920115	926.54	1.3765	1,275.38
1678985	BLOWERS	1	19920415	4,806.00	1.3765	6,615.46
1678988	CONDUCTOR	725	19921115	3,000.00	1.3448	4,034.40
1679188	BLOWERS	2	19930215	736.19	1.3146	967.80
1679192	CONTROL	2	19930215	1,323.46	1.3146	1,739.82
1679434	METER	1	19940115	575.04	1.2580	723.40
1679435	VALVE	2	19940115	306.64	1.2580	385.75
1679436	WATER SEAL SYSTE	2	19940115	483.90	1.2580	608.75
1679437	CONTROL	1	19940115	406.87	1.2580	511.84
1679438	PHASE FAILURE PR	1	19940115	1,219.27	1.2580	1,533.84
1679813	FILTER STONE	1290	19940615	32,818.36	1.2580	41,285.50
1679815	ROTARY DISTRIBUT	1	19940615	99,114.73	1.2580	124,686.33
1679816	TRICKLING FILTER	1	19940615	382,134.55	1.2580	480,725.26
1679817	BRIDGE ASSEMBLY	1	19940615	41,022.96	1.2580	51,606.88
1679818	CLARIFIER	1	19940615	194,010.69	1.2580	244,065.45
1679821	PIPING OVER 3 IN	680	19940615	186,808.25	1.2580	235,004.78
1679822	REGULATING AND R	1	19940615	13,701.67	1.2580	17,236.70

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Company Code: 4005 Business Area: 4507 Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	T31400 Secondary Treatment Equipment					
1679831	ELECT POWR LNE A	1	19940615	1,122.39	1.2580	1,411.97
1679832	GATE	4	19940615	13,127.34	1.2580	16,514.19
1679835	LADDER STAIRS OR	1	19940615	8,204.59	1.2580	10,321.37
1679837	METER	1	19940615	16,409.19	1.2580	20,642.76
1679839	MOTOR	2	19940615	16,409.19	1.2580	20,642.76
1679841	PIPING OVER 3 IN	700	19940615	63,693.87	1.2580	80,126.89
1679842	PIPING 3 INCHES	1	19940615	6,563.67	1.2580	8,257.10
1679848	WATER SEAL SYSTE	2	19940615	3,281.84	1.2580	4,128.55
1679849	CONDUCTOR	3000	19940615	40,030.21	1.2580	50,358.00
1679850	CONDUIT	3000	19940615	41,446.33	1.2580	52,139.48
1679853	CONTROL	8	19940615	181,183.62	1.2580	227,928.99
1679855	FIXTURE	12	19940615	16,409.19	1.2580	20,642.76
1679856	MANHOLE	2	19940615	16,409.19	1.2580	20,642.76
1679857	PUMP VAULT-WET O	1	19940615	57,432.12	1.2580	72,249.61
1679432	AUTO CONTROL APP	3	19940715	4,413.00	1.2315	5,434.61
1679429	VALVE	0	19940815	6,873.00	1.2315	8,464.10
1679433	LADDER STAIRS OR	3	19940815	2,424.00	1.2315	2,985.16
1679430	FLOW METER	1	19941015	1,964.00	1.2315	2,418.67
1679811	VALVE	0	19950115	599.01	1.2061	722.47
1679812	VALVE	1	19950115	69.87	1.2061	84.27
1679826	SLUDGE PUMP OR E	12	19950115	1,105.81	1.2061	1,333.72
1679828	FLOW METER	0	19950115	189.01	1.2061	227.96
1679829	BLOWER FILTERS	1	19950115	1,232.31	1.2061	1,486.29
1679836	LADDER STAIRS OR	0	19950115	235.01	1.2061	283.45
1679810	MOTOR	0	19951215	4,243.64	1.1939	5,066.48
1679814	PIPING	2	19951215	24.67	1.1939	29.45
1679823	REGULATING AND R	1	19951215	234.30	1.1939	279.73
1679827	SLUDGE PUMP OR E	20	19951215	2,678.89	1.1939	3,198.33
1679833	GOVERNOR MECHANI	5	19951215	9,582.52	1.1939	11,440.57
1679838	METER	1	19951215	305.19	1.1939	364.37
1679840	PIPING AIR	1	19951215	1,144.46	1.1939	1,366.37
1679843	PIPING 3 INCHES	57	19951215	733.68	1.1939	875.94
1679846	PUMP SHAFT	0	19951215	3,268.76	1.1939	3,902.57
1679851	CONDUIT	3	19951215	675.23	1.1939	806.16
1679852	CONDUIT	3	19951215	64.73	1.1939	77.28

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Company Code: 4005		Business Area: 4507		Sun City West Wastewater		
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T31400 Secondary Treatment Equipment						
1679854	CONTROL	1	19951215	225.05	1.1939	268.69
1679834	GOVERNOR MECHANI	0	19960115	573.99	1.1818	678.34
1679847	PUMP SHAFT	0	19960115	141.79	1.1818	167.57
1680159	ROTARY DISTRIBUT	3	19960115	94,051.47	1.1818	111,150.03
1680160	MOTOR	0	19960915	1,432.48	1.1700	1,676.00
1680440	CHEMICAL PUMP	2	19970115	3,817.57	1.1471	4,379.13
1680442	MOTOR	2	19970115	1,109.94	1.1471	1,273.21
1680452	IMPELLER	1	19970115	1,709.68	1.1471	1,961.17
1680446	AUTO CONTROL APP	1	19970515	6,770.87	1.1471	7,766.86
1680447	MOTOR	2	19970515	5,479.70	1.1471	6,285.76
1680449	PUMP	3	19970515	20,560.90	1.1471	23,585.41
1680439	VALVE	2	19970615	6,892.32	1.1471	7,906.18
1680441	CHEMICAL PUMP	2	19971015	4,427.67	1.1471	5,078.98
1680444	MOTOR	1	19971015	1,222.98	1.1471	1,402.88
1680443	MOTOR	2	19971215	1,039.08	1.1471	1,191.93
1680445	AIR COMPRESSOR	1	19971215	519.77	1.1471	596.23
1680448	MOTOR	1	19971215	1,368.14	1.1471	1,569.39
1680450	PUMP	1	19971215	4,431.28	1.1471	5,083.12
1680451	REGULATING OR RE	2	19971215	1,872.42	1.1471	2,147.85
1680687	FLOW METER	1	19980115	18,522.44	1.1360	21,041.49
1680676	BLOWERS	1	19980315	3,960.25	1.1360	4,498.84
1680677	BLOWERS	1	19980315	4,811.02	1.1360	5,465.32
1680679	MOTOR	1	19980315	3,401.55	1.1360	3,864.16
1680680	MOTOR	1	19980315	4,363.47	1.1360	4,956.90
1680684	PIPING 3 INCHES	302	19980315	5,981.62	1.1360	6,795.12
1680686	PIPING OVER 3 IN	0	19980315	1,363.34	1.1360	1,548.75
1680685	PIPING OVER 3 IN	12	19980915	5,587.63	1.1250	6,286.08
1680678	BLOWERS	0	19981115	2,766.03	1.1250	3,111.78
1680681	MOTOR	1	19981115	6,273.51	1.1250	7,057.70
1680682	MOTOR	1	19981215	353.27	1.1250	397.43
1680683	PIPING 3 INCHES	4	19981215	274.48	1.1250	308.79
1680688	AUTO CONTROL APP	1	19981215	112.07	1.1250	126.08
1680689	MAJOR MOTOR CONT	5	19981215	1,344.21	1.1250	1,512.24
1680690	CONTROL	1	19981215	196.20	1.1250	220.73
3057361	PUMP	1	19991231	2,479.64	1.1038	2,737.03

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Company Code: 4005 Business Area: 4507 Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	T31400 Secondary Treatment Equipment					
3057748	REPLACE DIFFUSER	2	19991231	17,610.37	1.1038	19,438.33
3059103	CLARIFIER BRIDGE	2	19991231	128,036.06	1.1038	141,326.20
3059104	CLARIFIER REPAIR	2	19991231	121,939.12	1.1038	134,596.40
3059105	CLARIFIER DRIVE	2	19991231	19,927.64	1.1038	21,996.13
3059106	CLARIFIER GREASE	2	19991231	11,375.52	1.1038	12,556.30
3059107	SLUDGE COLLECTOR	2	19991231	60,028.42	1.1038	66,259.37
3059108	SCUM BAFFLE PLAT	2	19991231	28,848.01	1.1038	31,842.43
3059109	PIPING >3"	90	19991231	12,521.26	1.1038	13,820.97
3059110	ELECTRICAL PANEL	1	19991231	5,687.76	1.1038	6,278.15
3059111	CONDUCTOR	628	19991231	8,633.94	1.1038	9,530.14
3059112	CONDUIT	628	19991231	8,633.94	1.1038	9,530.14
3059113	ELECTRICAL PANEL	1	19991231	3,559.99	1.1038	3,929.52
3078305	HDR ENGINEERING	1	20000531	0.00	1.0833	0.00
3078306	STANLEY ENGINEER	1	20000531	0.00	1.0833	0.00
3078307	ARATION BASIN,	2	20000531	314,530.85	1.0833	340,731.27
3078308	AIR DIFFUSION SY	2	20000531	75,397.03	1.0833	81,677.60
3078309	AIRFLOW METERS	2	20000531	17,257.08	1.0833	18,694.59
3078310	AIR PIPING FOR A	2	20000531	124,292.08	1.0833	134,645.61
3078311	AIR SYSTEM VALVE	6	20000531	5,136.03	1.0833	5,563.86
3078312	BLOWER	2	20000531	76,013.34	1.0833	82,345.25
3078313	BLOWER FILTERS	2	20000531	5,752.37	1.0833	6,231.54
3078314	BLOWER MOTORS	2	20000531	40,266.53	1.0833	43,620.73
3078315	MAJOR MOTOR CONT	2	20000531	39,855.64	1.0833	43,175.61
3078316	AUTO CONTROL	2	20000531	39,855.64	1.0833	43,175.61
3078317	WAS FLOWMETER	2	20000531	7,293.17	1.0833	7,900.69
3078318	WAS PUMP MOTOR	2	20000531	5,238.75	1.0833	5,675.14
3078319	WAS PUMP	2	20000531	12,429.20	1.0833	13,464.55
3078320	CONDUCTOR	682	20000531	19,927.82	1.0833	21,587.81
3078321	CONDUIT	682	20000531	19,927.82	1.0833	21,587.81
3078322	ELECTRICAL PANEL	2	20000531	14,380.89	1.0833	15,578.82
3078323	COURIER CONST IN	1	20000531	0.00	1.0833	0.00
3091362	Diesel fuel tran	1	20001130	874.61	1.0354	905.57
3093514	NEW 2" THOMPSON	1	20001231	1,660.34	1.0354	1,719.12
3093597	Dyna Blend Polym	1	20001231	16,667.78	1.0354	17,257.82
3093678	RECONDITION BLOW	1	20001231	11,124.52	1.0354	11,518.33

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Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T31400 Secondary Treatment Equipment						
3093679	RECONDITION MOTO	1	20001231	6,037.65	1.0354	6,251.38
3093692	CONVERT HOFFMAN	2	20001231	8,267.61	1.0354	8,560.28
3117983	ROYCE MODEL 9200	3	20010731	11,663.91	1.0000	11,663.91
3128971	Air Compressor,	1	20011017	1,761.55	1.0000	1,761.55
3128972	FREIGHT	1	20011017	605.19	1.0000	605.19
3128973	PALATEK DESSICAN	1	20011017	4,690.60	1.0000	4,690.60
3128974	PALATEK ROTARY S	1	20011017	8,826.83	1.0000	8,826.83
3129018	FILTER AIR COMPR	3195	20011031	3,678.30	1.0000	3,678.30
Total for class T31400:				5,714,475.57		8,457,854.02
Asset Class: T31500						
1677063	AERATORS	1	19780701	4,612.00	2.2502	10,377.92
1677139	AERATORS	1	19790701	6,557.00	2.0525	13,458.24
1677140	CONTROL	0	19790701	37,852.00	2.0525	77,691.23
1677220	Tertiary Equipme	0	19800701	944,943.00	1.8282	1,727,544.79
1677474	CHEM STOR OR MIX	1	19830101	1,519.00	1.6480	2,503.31
1677475	PIPING	1	19830101	4,124.00	1.6480	6,796.35
1677967	CONDUIT	0	19870101	1,263.82	1.4999	1,895.60
1677956	LINER PVC EACH	0	19870401	318,294.00	1.4999	477,409.17
1677966	CONDUCTOR	500	19870701	2,867.18	1.4810	4,246.29
1678464	MIST ELIMINATOR	0	19890315	7,759.00	1.4096	10,937.09
1678672	MOTOR	1	19900315	263.69	1.3930	367.32
1678673	PIPING	1	19900315	871.79	1.3930	1,214.40
1678671	CONDUCTOR	0	19900815	3,562.00	1.3605	4,846.10
1679202	PHASE FAILURE RE	2	19930215	549.00	1.3146	721.72
1679703	PH/ORP PROBE	3	19940115	739.61	1.2580	930.43
1679718	DUCT	1	19940115	9,073.71	1.2580	11,414.73
1679721	DUCT DAMPER	7	19940115	28,705.49	1.2580	36,111.51
1679723	FLEX DUCT CONNEC	10	19940115	7,136.35	1.2580	8,977.53
1679861	FLOW MONITORING	1	19940115	4,790.82	1.2580	6,026.85
1679869	CONDUCTOR	1000	19940115	12,314.91	1.2580	15,492.16
1679871	CONDUIT	1000	19940115	10,236.82	1.2580	12,877.92
1679873	CHEMICAL PUMP	6	19940115	6,909.86	1.2580	8,692.60
1679875	CHEMICAL STORAGE	2	19940115	20,362.34	1.2580	25,615.82
1679877	CHEMICAL AUTO FE	6	19940115	20,700.15	1.2580	26,040.79

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Company Code: 4005		Business Area: 4507		Sun City West Wastewater			
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost	
Asset Class: T31500							
1679879	MIST ELIMINATOR	2	19940115	2,167.64	1.2580	2,726.89	
1679880	MOTOR	1	19940115	1,087.66	1.2580	1,368.28	
1679885	PIPING	4	19940115	13,832.52	1.2580	17,401.31	
1679719	DUCT	320	19940615	26,466.13	1.2580	33,294.39	
1679722	DUCT DAMPER	9	19940615	42,130.73	1.2580	53,000.46	
1679858	MAGNETIC TANK LE	2	19940615	3,134.65	1.2580	3,943.39	
1679862	FLOW MONITORING	3	19940615	8,432.77	1.2580	10,608.42	
1679863	GEODESIC DOME	3	19940615	369,576.16	1.2580	464,926.81	
1679864	BLOWER	3	19940615	4,962.39	1.2580	6,242.69	
1679874	CHEMICAL PUMP	2	19940615	5,224.41	1.2580	6,572.31	
1679876	CHEMICAL STORAGE	3	19940615	10,567.67	1.2580	13,294.13	
1679878	CHEMICAL AUTO FE	2	19940615	907.74	1.2580	1,141.94	
1679881	MOTOR	3	19940615	8,270.65	1.2580	10,404.48	
1679886	PIPING	3	19940615	18,129.19	1.2580	22,806.52	
1679859	PIPING	25	19951215	271.45	1.1939	324.08	
1679860	PIPING	0	19951215	179.05	1.1939	213.77	
1679865	PUMP	1	19951215	1,639.20	1.1939	1,957.04	
1679866	RATE CONTROLLER	1	19951215	118.16	1.1939	141.07	
1679867	REGULATING OR RE	2	19951215	92.23	1.1939	110.11	
1679872	CONTROL	0	19951215	1,309.68	1.1939	1,563.63	
1679882	MOTOR	6	19951215	19,910.07	1.1939	23,770.63	
1679887	PIPING	1	19951215	18.31	1.1939	21.86	
1679888	PIPING	2	19951215	38.69	1.1939	46.19	
1679889	SEWAGE SAMPLER	1	19951215	1,524.41	1.1939	1,819.99	
1679883	MOTOR	0	19960115	391.28	1.1818	462.41	
1680170	CHEMICAL PUMP	1	19961215	3,998.58	1.1700	4,678.34	
1680172	CHEMICAL PUMP	1	19961215	1,208.37	1.1700	1,413.79	
1680173	CHEMICAL AUTO FE	2	19961215	3,317.66	1.1700	3,881.66	
1680174	MOTOR	1	19961215	815.15	1.1700	953.73	
1680171	CHEMICAL PUMP	1	19970115	3,341.86	1.1471	3,833.45	
1680419	PH/ORP PROBE	0	19970115	13,367.41	1.1471	15,333.76	
1680421	DUCT	600	19970115	63,791.97	1.1471	73,175.77	
1680423	DUCT DAMPER	16	19970115	15,038.33	1.1471	17,250.47	
1680424	FLEX DUCT CONNEC	2	19970115	2,506.39	1.1471	2,875.08	
1680437	CHEMICAL PUMP ST	2	19970115	8,354.63	1.1471	9,583.60	

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Company Code: 4005 Business Area: 4507 Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T31500						
1680453	FABRIC COVER	0	19970115	4,305.83	1.1471	4,939.22
1680455	FLOW MONITORING	0	19970115	7,002.80	1.1471	8,032.91
1680457	GEODESIC DOME	0	19970115	1,640.00	1.1471	1,881.24
1680458	BLOWER	0	19970115	16,461.97	1.1471	18,883.53
1680460	ALUMINUM DECKING	386	19970115	122,039.45	1.1471	139,991.45
1680470	CONTROL	0	19970115	8,354.63	1.1471	9,583.60
1680475	MOTOR	0	19970115	3,341.84	1.1471	3,833.42
1680476	ODOR SCRUBBER	0	19970115	5,322.32	1.1471	6,105.23
1680422	DUCT	250	19971215	75,778.51	1.1471	86,925.53
1680425	FLEX DUCT CONNEC	2	19971215	3,048.26	1.1471	3,496.66
1680454	FABRIC COVER	0	19971215	4,732.18	1.1471	5,428.28
1680456	FLOW MONITORING	0	19971215	4,594.60	1.1471	5,270.47
1680459	BLOWER	0	19971215	178.54	1.1471	204.80
1680461	ALUMINUM DECKING	658	19971215	209,596.02	1.1471	240,427.59
1680462	EQUIPMENT FOUNDA	0	19971215	21,712.23	1.1471	24,906.10
1680469	ELECTRICAL CONDU	22	19971215	31,983.92	1.1471	36,688.75
1680471	CONTROL	1	19971215	298.84	1.1471	342.80
1680472	CONTROL	0	19971215	253.63	1.1471	290.94
1680474	CHEMICAL PUMP	0	19971215	2,412.48	1.1471	2,767.36
1680478	PIPING	0	19971215	12,062.34	1.1471	13,836.71
1680480	PH/ORP ANALYZER	0	19971215	7,237.41	1.1471	8,302.03
1680695	FLOW MONITORING	12	19980115	41,752.41	1.1360	47,430.74
1680694	FLOW MONITORING	1	19980215	3,841.40	1.1360	4,363.83
1680693	FABRIC COVER	1	19980515	960.85	1.1360	1,091.53
1680663	DUCT	48	19981115	35,851.23	1.1250	40,332.63
1680664	DUCT DAMPER	8	19981115	3,866.24	1.1250	4,349.52
1680665	FLEX DUCT CONNEC	4	19981115	1,736.09	1.1250	1,953.10
1680673	CHEMICAL PUMP ST	1	19981215	299.80	1.1250	337.28
1680696	ALUMINUM DECKING	0	19981215	214,344.07	1.1250	241,137.08
1680699	CONTROL	2	19981215	1,952.95	1.1250	2,197.07
1784492	ALUMINUM DECKING	0	19990315	2,668.86	1.1038	2,945.89
3058304	ODOR SCRUBBER	1	19991231	184,151.30	1.1038	203,266.20
3058305	CHEMICAL PUMP &	2	19991231	5,401.44	1.1038	5,962.11
3058306	CONDUIT	400	19991231	9,902.64	1.1038	10,930.53
3058307	CONDUCTOR	400	19991231	9,902.62	1.1038	10,930.51

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Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T31500						
3078324	HDR ENGINEERING	1	20000531	0.00	1.0833	0.00
3078325	STANLEY ENGINEER	1	20000531	0.00	1.0833	0.00
3078326	TERTIARY EQUIPME	3	20000531	376,861.84	1.0833	408,254.43
3078327	FILTER STRUCTURE	3	20000531	338,955.91	1.0833	367,190.94
3078328	FILTER MEDIA	183	20000531	54,380.31	1.0833	58,910.19
3078329	BACKWASH PUMP	2	20000531	50,057.20	1.0833	54,226.96
3078330	PIPING <3"	1	20000531	92,150.76	1.0833	99,826.92
3078331	PIPING >3"	1168	20000531	123,550.26	1.0833	133,842.00
3078332	BACKWASH PUMP MO	2	20000531	36,405.25	1.0833	39,437.81
3078333	BACKWASH PUMP ST	1	20000531	4,778.19	1.0833	5,176.21
3078334	SURFACE WASH SYS	3	20000531	44,141.35	1.0833	47,818.32
3078335	UNDERDRAIN SYSTE	3	20000531	44,141.35	1.0833	47,818.32
3078336	CONTROL SYSTEM	3	20000531	117,563.31	1.0833	127,356.33
3078337	CONDUCTOR	1152	20000531	40,728.35	1.0833	44,121.02
3078338	CONDUIT	1152	20000531	40,728.35	1.0833	44,121.02
3078339	METHANOL PUMP	2	20000531	11,376.66	1.0833	12,324.34
3078340	METHANOL STORAGE	1	20000531	78,043.72	1.0833	84,544.76
3078341	METHANOL PUMP MO	2	20000531	6,370.92	1.0833	6,901.62
3078342	SLUICE GATE	3	20000531	116,098.35	1.0833	125,769.34
3078343	COURIER CONST IN	1	20000531	0.00	1.0833	0.00
3091360	Chemical Pump	1	20001130	1,598.77	1.0354	1,655.37
3093518	HIGH EFFICIENCY	1	20001231	2,138.48	1.0354	2,214.18
Total for class T31500:				4,751,189.76		6,214,209.04
Asset Class: T31600 Disinfection Equipment						
1677221	Disinfection Equ	0	19800701	207,182.00	1.8282	378,770.13
1677476	SAFETY EQUIPMENT	1	19830101	2,078.00	1.6480	3,424.54
1677543	SAFETY EQUIPMENT	2	19840101	2,354.00	1.6028	3,772.99
1678992	MOTOR	1	19920115	1,251.00	1.3765	1,722.00
1678993	MOTOR	0	19920115	86.41	1.3765	118.94
1679203	MOTOR	1	19930215	97.00	1.3146	127.52
1679440	CHLORINE MACHINE	1	19940115	1,167.25	1.2580	1,468.40
1679442	PIPING	6	19940115	672.61	1.2580	846.14
1679443	PIPING	15	19940115	1,028.56	1.2580	1,293.93
1679441	CHLORINE MACHINE	0	19941215	740.00	1.2315	911.31

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Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	T31600 Disinfection Equipment					
1679890	CHLORINE MACHINE	3	19951215	568.52	1.1939	678.76
1680479	CHLORINE DETECTO	1	19971215	1,057.52	1.1471	1,213.08
1680700	HOIST	1	19980215	4,097.60	1.1360	4,654.87
1680701	PIPING	1	19981215	399.35	1.1250	449.27
1680702	WEIGHING EQUIPME	1	19981215	294.46	1.1250	331.27
3078344	HDR ENGINEERING	1	20000630	0.00	1.0833	0.00
3078345	STANLEY ENGINEER	1	20000630	0.00	1.0833	0.00
3078346	EFFLUENT LINE CH	403	20000630	18,194.44	1.0833	19,710.04
3078347	BACKFLOW PREVENT	1	20000630	2,028.38	1.0833	2,197.34
3078348	COURIER CONST IN	1	20000630	0.00	1.0833	0.00
3128979	EMERGENCY REPAIR	2	20011017	1,772.41	1.0000	1,772.41
Total for class T31600:				245,069.51		423,462.94
Asset Class:	T31700 Effluent Lift Station E					
1677222	Effluent Lift St	0	19800701	288,574.00	1.8282	527,570.99
1677634	MEASURING APPARA	1	19850101	377.00	1.5394	580.35
1677751	PIPING OVER 3 IN	1	19860101	9,465.00	1.5195	14,382.07
1677752	PUMP VOLT	1	19860101	663.00	1.5195	1,007.43
1678304	AUTO CONTROL APP	1	19880101	231.27	1.4624	338.21
1678466	PUMP VOLT	0	19890515	639.05	1.4096	900.80
1678674	MOTOR	1	19900115	154.17	1.3930	214.76
1678995	DRIVE UNIT OR CO	1	19920115	907.30	1.3765	1,248.90
1679444	METER	1	19940115	305.96	1.2580	384.90
1679445	PIPING 3 INCHES	2	19940115	20.61	1.2580	25.93
1679446	REGULATE RECORD	0	19940115	835.90	1.2580	1,051.56
1679903	PIPING	0	19950115	182.46	1.2061	220.07
1679893	AUTO CONTROL APP	4	19951215	279.37	1.1939	333.54
1679894	PIPING OVER 3 IN	0	19951215	157.68	1.1939	188.25
1679895	PIPING 3 INCHES	1	19951215	84.20	1.1939	100.53
1679896	PUMP	2	19951215	127.93	1.1939	152.74
1679897	TANK	1	19951215	11,769.00	1.1939	14,051.01
1679898	TANK	0	19960115	710.64	1.1818	839.83
1680175	DRIVE UNIT OR CO	3	19960715	10,881.30	1.1700	12,731.12
1680481	AUTO CONTROL APP	1	19970415	606.78	1.1471	696.04
1680484	PUMP	1	19970415	3,930.47	1.1471	4,508.64

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Company Code: 4005 Business Area: 4507 Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T31700 Effluent Lift Station E						
1680482	MOTOR	0	19970815	5,634.18	1.1471	6,462.97
1680483	MOTOR	1	19971215	1,069.31	1.1471	1,226.61
1680485	PUMP	1	19971215	4,197.05	1.1471	4,814.44
1680488	PUMP	1	19971215	325.66	1.1471	373.56
3058744	AIR COMPRESSOR	1	19991231	610.27	1.1038	673.62
3058745	MOTOR	2	19991231	417.28	1.1038	460.59
3078349	HDR ENGINEERING	1	20000630	0.00	1.0833	0.00
3078350	STANLEY ENGINEER	1	20000630	0.00	1.0833	0.00
3078351	MOTOR	2	20000630	74,526.59	1.0833	80,734.65
3078352	PIPING >3"	300	20000630	42,123.71	1.0833	45,632.62
3078353	PIPING <3"	1	20000630	45,613.27	1.0833	49,412.86
3078354	MOTOR STARTER	2	20000630	24,260.61	1.0833	26,281.52
3078355	PUMP	2	20000630	116,733.39	1.0833	126,457.28
3078356	PUMP STATION	1	20000630	357,926.98	1.0833	387,742.30
3078357	COURIER CONST IN	1	20000630	0.00	1.0833	0.00
Total for class T31700:				1,004,341.39		1,311,800.69
Asset Class: T31800 Outfall Line						
1677223	Outfall Line	1	19800701	94,680.00	1.8282	173,093.98
Total for class T31800:				94,680.00		173,093.98
Asset Class: T31900 Sludge, Treatment & Distribution						
1677224	Sludge,Treatment	0	19800701	493,280.60	1.8282	901,815.59
1677312	PIPING 3 INCHES	1	19810101	50.00	1.7464	87.32
1677402	METER	1	19820101	4,120.00	1.7206	7,088.87
1677477	PIPING OVER 3 IN	1	19830101	127.00	1.6480	209.30
1677478	REGULATE RECORD	1	19830101	1,470.00	1.6480	2,422.56
1677553	PIPING OVER 3 IN	1	19840101	22.00	1.6028	35.26
1677640	METER	1	19850101	590.00	1.5394	908.25
1677641	PIPING OVER 3 IN	1	19850101	168.00	1.5394	258.62
1677775	PIPING OVER 3 IN	1	19860101	8,331.00	1.5195	12,658.95
1679462	GAUGE	5	19940115	233.27	1.2580	293.45
1679467	WATER SEAL SYSTE	2	19940115	235.70	1.2580	296.51
1679924	DIGESTER ACCESS	4	19940115	62,805.41	1.2580	79,009.21
1679917	MOTOR	2	19940615	3,227.11	1.2580	4,059.70
1679919	PIPING AIR	1	19940615	25,434.50	1.2580	31,996.60

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Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	T31900 Sludge, Treatment & Distribution					
1679921	PIPING OVER 3 IN	75	19940615	19,362.70	1.2580	24,358.28
1679922	PIPING 3 INCHES	2	19940615	3,227.11	1.2580	4,059.70
1679923	PUMP	2	19940615	27,142.89	1.2580	34,145.76
1679914	METER	1	19951215	1,256.64	1.1939	1,500.30
1679925	DIGESTER ACCESS	0	19960115	160.37	1.1818	189.53
1680224	PIPING OVER 3 IN	0	19961215	116.12	1.1700	135.86
1680228	METER	0	19961215	1,511.68	1.1700	1,768.67
1680234	SLUDGE BED	1	19961215	190,086.30	1.1700	222,400.97
1680499	CRANE OR HOIST	0	19971215	122.85	1.1471	140.92
1680508	PIPING 3 INCHES	1	19971215	289.91	1.1471	332.56
1680715	METER	1	19980115	10,891.69	1.1360	12,372.96
1680716	DISOLVED OXYGEN	2	19980115	22,286.00	1.1360	25,316.90
1680717	LEVEL SENSOR	2	19980115	9,021.62	1.1360	10,248.56
1680719	AIRFLOW MONITORI	2	19980115	7,864.79	1.1360	8,934.40
1680712	PIPING AIR	2	19981215	106.12	1.1250	119.39
3057362	TANK	1	19991231	12,177.34	1.1038	13,441.35
3078358	HDR ENGINEERING	1	20000630	0.00	1.0833	0.00
3078359	STANLEY ENGINEER	1	20000630	0.00	1.0833	0.00
3078360	CONTROL SYSTEMS	1	20000630	13,397.21	1.0833	14,513.20
3078361	ELECTRICAL POWER	1	20000630	37,371.17	1.0833	40,484.19
3078362	AIR DIFFUSION SY	1	20000630	107,394.66	1.0833	116,340.64
3078363	COVER	1	20000630	6,888.45	1.0833	7,462.26
3078364	DIGESTER BASIN	1	20000630	266,534.00	1.0833	288,736.28
3078365	COURIER CONST IN	1	20000630	0.00	1.0833	0.00
Total for class T31900:				1,337,304.21		1,868,142.87
Asset Class:	T32100 Influent Lift Station					
1677782	WATER SEAL SYSTE	1	19860101	5,609.00	1.5195	8,522.88
1679478	ELECTRICAL WORK	1	19940115	18.26	1.2580	22.97
1679482	PIPING	1	19940115	9.77	1.2580	12.29
1679477	BAR OR RACK SCRE	1	19940615	2,602.87	1.2580	3,274.41
1679479	MOTOR	0	19940615	2,741.13	1.2580	3,448.34
1679944	PUMP	1	19940615	85.94	1.2580	108.11
1679480	PIPING	2	19941015	2,086.00	1.2315	2,568.91
1679481	PIPING	0	19950115	199.01	1.2061	240.03

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Company Code: 4005 Business Area: 4507 Sun City West Wastewater

Asset Class:	Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
T32100		Influent Lift Station					
1679942		BAR OR RACK SCRE	0	19950115	171.99	1.2061	207.44
1679945		VALVE	0	19951215	2,355.07	1.1939	2,811.72
1679946		VALVE	0	19960115	941.99	1.1818	1,113.24
1680246		PUMP	0	19961215	570.57	1.1700	667.57
1680740		MOTOR	2	19981215	263.64	1.1250	296.60
3057363		ELECTRICAL WORK	1	19991231	0.00	1.1038	0.00
3091359		Auxiliary Genera	1	20001130	1,101.38	1.0354	1,140.37
3128947		Rebuild RSP No.	1	20011017	7,691.21	1.0000	7,691.21
3129035		REBUILD RSP NO.3	1	20011031	11,652.66	1.0000	11,652.66
3135682		Purchase and Ins	1	20011130	22,013.19	1.0000	22,013.19
3135683		Purchase and Ins	4	20011130	19,765.59	1.0000	19,765.59
3129049		Rebuild RSP No.	1	20011231	11,666.78	1.0000	11,666.78
Total for class T32100:					91,546.05		97,224.31

Asset Class: T32200 General Treatment Equipment

1677645		METER	1	19850101	152.00	1.5394	233.99
1678877		FENCING	1	19910615	1,398.00	1.3765	1,924.35
1679012		TRANSFER PUMP	0	19920115	703.22	1.3765	967.98
1679486		PIPING	1	19940115	53.84	1.2580	67.73
1679948		FLOW REGULAT OR	1	19940115	15,791.21	1.2580	19,865.34
1679949		AIR DUCT	0	19940115	48,409.45	1.2580	60,899.09
1679951		PIPING	70	19940115	89,385.84	1.2580	112,447.39
1679952		TRANSFER PUMP	0	19940115	767.00	1.2580	964.89
1679953		FUME SCRUBBER	1	19940115	25,502.34	1.2580	32,081.94
1679954		VALVE	4	19940115	29,861.88	1.2580	37,566.25
1679485		VALVE	0	19941015	37.36	1.2315	46.01
1679487		VALVE	0	19941015	5,512.64	1.2315	6,788.82
1679955		VALVE	0	19950115	558.72	1.2061	673.87
1679950		AIR DUCT	0	19960115	838.20	1.1818	990.58
1679956		VALVE	0	19960115	34.46	1.1818	40.72
1680520		VALVE	0	19971215	38.92	1.1471	44.65
1680521		VALVE	23	19971215	24,926.45	1.1471	28,593.13
1680522		VALVE	0	19980115	10.92	1.1360	12.41
1680741		LEVEL SENSOR	1	19980115	4,026.59	1.1360	4,574.21
1680742		METER	1	19980115	10,891.69	1.1360	12,372.96

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Company Code: 4005 Business Area: 4507 Sun City West Wastewater

Asset Class:	Main Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
General Treatment Equipment						
1680745	T32200 SMOKE DETECTOR	5	19980115	3,454.86	1.1360	3,924.72
1680743	METER	3	19981215	226.19	1.1250	254.46
1680744	TRANSFER PUMP	1	19981215	326.36	1.1250	367.16
3078366	HDR ENGINEERING	1	20000630	0.00	1.0833	0.00
3078367	STANLEY ENGINEER	1	20000630	0.00	1.0833	0.00
3078368	ODOR CONTROL DUC	1	20000630	108,638.86	1.0833	117,688.48
3078369	YARD PIPING	4810	20000630	527,526.00	1.0833	571,468.92
3078370	COURIER CONST IN	1	20000630	0.00	1.0833	0.00
3118671		1	20010731	2,986.62	1.0000	2,986.62
Total for class T32200:				902,059.62		1,017,846.67
Land and Land Rights						
Asset Class:	T34000					
1677383	PARCEL EACH	1	19820101	2,835.00	1.7206	4,877.90
1677457	PARCEL EACH	1	19830101	17,892.00	1.6480	29,486.02
1677459	INTEREST PRIVILE	1	19830101	20.00	1.6480	32.96
Total for class T34000:				20,747.00		34,396.88
Structures and Improvements						
Asset Class:	T34100					
1677303	AWNINGS	1	19810101	4,358.00	1.7464	7,610.81
1677304	FAN	2	19810101	1,267.00	1.7464	2,212.69
1677305	GRADING EACH LOT	1	19810101	7,632.00	1.7464	13,328.52
1677306	FENCE	130	19810101	1,621.00	1.7464	2,830.91
1677467	FENCE	1166	19830101	33,438.00	1.6480	55,105.82
1677527	LANDSCAPING	1	19840317	554.00	1.6028	887.95
1679698	FOUNDATION AND S	50	19940715	23,117.59	1.2315	28,469.31
1679700	WALL	1000	19940715	55,563.01	1.2315	68,425.85
1679704	CEILING	84	19940715	2,430.99	1.2315	2,993.76
1679707	ROOF	1040	19940715	22,030.87	1.2315	27,131.02
1679708	ROOFING	1568	19940715	16,779.64	1.2315	20,664.13
1679710	INT OR EXTERIOR	8	19940715	5,788.07	1.2315	7,128.01
1679717	AIR CONDITIONING	1	19940715	1,736.43	1.2315	2,138.41
1679724	CONDENSER	2	19940715	11,257.81	1.2315	13,863.99
1679725	COILS	2	19940715	11,257.81	1.2315	13,863.99
1679727	PIPING OVER 3 IN	100	19940715	1,447.02	1.2315	1,782.01
1679730	CONDUIT	1	19940715	5,788.07	1.2315	7,128.01
1679733	CONDUCTOR	1	19940715	5,788.08	1.2315	7,128.02

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Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T34100	Structures and Improvements					
1679734	LIGHTING FIXTURE	3	19940715	7,235.09	1.2315	8,910.01
1679735	ALUMINUM HAND RA	74	19940715	4,341.07	1.2315	5,346.03
1679737	LIGHTING PANEL	1	19940715	16,270.28	1.2315	20,036.85
1679739	ALUMINUM LADDER	1	19940715	3,322.35	1.2315	4,091.47
1679742	TRANSFORMER	1	19940715	5,788.09	1.2315	7,128.03
1679743	UNIT HEATER	1	19940715	2,798.53	1.2315	3,446.39
1679746	PIPING UNDER 3 I	1	19940715	7,657.64	1.2315	9,430.38
1679749	SHOWER	2	19940715	4,118.22	1.2315	5,071.59
1679751	COOLER	1	19940715	904.38	1.2315	1,113.74
1679756	PIPING	100	19940715	3,413.52	1.2315	4,203.75
1679757	MOTOR	1	19940715	289.40	1.2315	356.40
1679759	FAN	1	19940715	578.80	1.2315	712.79
1679765	GRADING	1	19940715	2,789.84	1.2315	3,435.69
1679768	SIDEWALK	100	19940715	1,447.02	1.2315	1,782.01
1679770	DRIVEWAY	1	19940715	9,873.01	1.2315	12,158.61
1679771	DRIVEWAY	0	19960115	1,210.22	1.1818	1,430.24
1680136	BACK FLOW PREVEN	3	19960415	7,835.61	1.1818	9,260.12
1680137	METER	1	19960415	7,632.54	1.1818	9,020.14
Total for class T34100:				299,361.00		389,627.45
Asset Class: T34200	Collection System Lift					
1677309	AUTO CONTROL APP	1	19810101	11,904.00	1.7464	20,789.15
1677313	DISCHARGE PIPING	122	19810101	9,178.00	1.7464	16,028.46
1677314	MOTOR	1	19810101	5,993.00	1.7464	10,466.18
1677315	PUMP VAULT	1	19810101	120,952.00	1.7464	211,230.57
1677316	GRATING	1	19810101	10,514.00	1.7464	18,361.65
1677317	PIPING	77	19810101	61,799.07	1.7464	107,925.90
1677318	PUMP	0	19810101	25,596.00	1.7464	44,700.85
1677319	VALVE	10	19810101	44,124.00	1.7464	77,058.15
1677320	SPLITTER MANHOLE	1	19810101	2,241.00	1.7464	3,913.68
1677321	WATER SEAL SYSTE	1	19810101	6,368.00	1.7464	11,121.08
1677322	WET WELL	1	19810101	43,076.00	1.7464	75,227.93
1677323	CONDUIT	1	19810101	5,118.00	1.7464	8,938.08
1677324	CONTROL EACH	0	19810101	143,933.00	1.7464	251,364.59
1677403	PIPING	1	19820101	639.00	1.7206	1,099.46

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Company Code: 4005		Business Area: 4507		Sun City West Wastewater		
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T34200		Collection System Lift				
1677404	CONTROL EACH	1	19820101	5,068.00	1.7206	8,720.00
1677479	CONTROL EACH	1	19830101	2,982.00	1.6480	4,914.34
1677557	PIPING	1	19840101	376.00	1.6028	602.65
1677558	CONTROL EACH	1	19840101	1,091.00	1.6028	1,748.65
1678019	CONTROL EACH	1	19871001	1,389.00	1.4810	2,057.11
1678318	VALVE	1	19880401	190.96	1.4624	279.26
1678319	CONTROL EACH	1	19880401	1,379.67	1.4624	2,017.63
1678500	VALVE	0	19890315	1,179.58	1.4096	1,662.74
1678501	CONTROL EACH	0	19890315	679.30	1.4096	957.54
1678499	IMPELLER EACH	0	19891115	5,361.00	1.3930	7,467.87
1678682	BLOWERS	2	19900315	6,099.28	1.3930	8,496.30
1678684	MOTOR	2	19900315	2,015.59	1.3930	2,807.72
1678687	AIR DUCT	1	19900315	8,605.01	1.3930	11,986.78
1678688	FIXTURE	2	19900315	1,657.98	1.3930	2,309.57
1678689	COVER OR ENCLOSURE	1	19900315	13,096.32	1.3930	18,243.17
1678690	COMP CONTROL PAN	3	19900315	7,390.90	1.3930	10,295.52
1678691	FUME SCRUBER	1	19900315	11,528.92	1.3930	16,059.79
1678686	CONTROL EACH	1	19900515	2,054.00	1.3930	2,861.22
1678683	IMPELLER EACH	3	19901015	5,719.48	1.3605	7,781.35
1678685	MECHANICAL PUMP	4	19901015	3,304.52	1.3605	4,495.80
1678878	IMPELLER EACH	1	19910615	2,756.00	1.3765	3,793.63
1678879	MECHANICAL PUMP	1	19910615	3,335.00	1.3765	4,590.63
1679014	PUMP COMP LESS T	2	19920115	1,975.30	1.3765	2,719.00
1679016	VALVE	2	19920115	320.80	1.3765	441.58
1679017	MECHANICAL PUMP	1	19920415	3,748.66	1.3765	5,160.03
1679023	SHAFT COUPLING	1	19920415	2,961.34	1.3765	4,076.28
1679010	AIR CONDITIONER	6	19920615	7,411.59	1.3765	10,202.05
1679013	PREFABRICATED EN	3	19920615	3,129.66	1.3765	4,307.98
1679015	SHAFT EACH	1	19920615	2,442.66	1.3765	3,362.32
1679018	CONDUCTOR	210	19920615	1,481.83	1.3765	2,039.74
1679019	CONDUIT	210	19920615	2,920.05	1.3765	4,019.45
1679020	CONTROL EACH	12	19920615	1,778.68	1.3765	2,448.35
1679021	TRANSFORMER	3	19920615	7,411.59	1.3765	10,202.05
1679022	COMP CONTROL PAN	3	19920615	2,964.88	1.3765	4,081.16
1679237	PUMP COMP LESS T	1	19930215	355.86	1.3146	467.81

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Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T34200 Collection System Lift						
1679238	CONTROL EACH	4	19930215	417.04	1.3146	548.24
1679240	SHAFT COUPLING	1	19930215	1,292.11	1.3146	1,698.61
1679236	MOTOR	1	19930715	5,755.28	1.2857	7,399.56
1679241	SHAFT COUPLING	0	19930715	63.72	1.2857	81.92
1679483	VARIABLE FREQUEN	1	19940115	93.31	1.2580	117.38
1679488	PREFABRICATED EN	2	19940115	354.29	1.2580	445.70
1679489	WATER SEAL SYSTE	2	19940115	257.14	1.2580	323.48
1679490	MECHANICAL PUMP	3	19940115	174.68	1.2580	219.75
1679484	VARIABLE FREQUEN	1	19941015	19,463.63	1.2315	23,969.46
1679963	VALVE	3	19950115	328.68	1.2061	396.42
1679957	MOTOR	1	19951215	248.45	1.1939	296.62
1679958	PIPING	1	19951215	45.28	1.1939	54.06
1679959	PIPING	1	19951215	2,689.91	1.1939	3,211.48
1679961	PUMP COMP LESS T	2	19951215	4,081.92	1.1939	4,873.40
1679964	VALVE	6	19951215	1,532.66	1.1939	1,829.84
1679965	WATER SEAL SYSTE	1	19951215	58.02	1.1939	69.27
1679966	MECHANICAL PUMP	1	19951215	199.37	1.1939	238.03
1679967	CONTROL	1	19951215	74.38	1.1939	88.80
1679960	PIPING	0	19960115	125.21	1.1818	147.97
1679962	PUMP COMP LESS T	0	19960115	85.62	1.1818	101.19
1680247	VARIABLE FREQUEN	1	19960115	42,082.21	1.1818	49,732.76
1680248	VARIABLE FREQUEN	1	19960115	59,918.29	1.1818	70,811.44
1680249	PROGRAMABLE LOGI	1	19960115	25,516.71	1.1818	30,155.65
1680250	PROGRAMABLE LOGI	1	19960115	39,093.63	1.1818	46,200.85
1680251	IMPELLER	2	19960115	7,147.53	1.1818	8,446.95
1680252	IMPELLER	2	19960115	9,961.66	1.1818	11,772.69
1680254	MOTOR	2	19960115	28,590.13	1.1818	33,787.82
1680257	PIPING	21	19960115	611.07	1.1818	722.16
1680258	PUMP	3	19960115	73,985.00	1.1818	87,435.47
1680259	PUMP	2	19960115	95,316.31	1.1818	112,644.82
1680260	SHAFT	2	19960115	3,573.77	1.1818	4,223.48
1680261	SHAFT	2	19960115	4,980.83	1.1818	5,886.34
1680262	WATER SEAL SYSTE	1	19960115	3,542.14	1.1818	4,186.10
1680263	PHASE FAILURE RE	1	19960115	795.18	1.1818	939.74
1680264	WET WELL	1	19960115	3,144.92	1.1818	3,716.67

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Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T34200	Collection System Lift					
1680265	CONDUCTOR	1	19960115	36,452.43	1.1818	43,079.48
1680266	CONDUIT	1	19960115	35,972.48	1.1818	42,512.28
1680267	CIRCUIT BREAKER	0	19960115	24,587.51	1.1818	29,057.52
1680268	CONTROL	1	19960115	5,646.56	1.1818	6,673.10
1680269	CONTROL	1	19960115	7,987.09	1.1818	9,439.14
1680270	TRANSFORMER	1	19960115	6,369.17	1.1818	7,527.09
1680271	TRANSFORMER	1	19960115	9,009.27	1.1818	10,647.16
1680273	COMP CONTROL PAN	1	19960115	9,591.27	1.1818	11,334.96
1680274	COMP CONTROL PAN	1	19960115	13,566.95	1.1818	16,033.42
1680272	METER STATION	0	19960415	9,512.64	1.1818	11,242.04
1680253	IMPELLER	4	19961215	1,750.84	1.1700	2,048.48
1680255	MOTOR	1	19961215	1,318.87	1.1700	1,543.08
1680746	COMMUNICATIONMOD	1	19980115	4,402.29	1.1360	5,001.00
1680747	PLC ANALOG INPUT	1	19980115	1,608.98	1.1360	1,827.80
1680748	PLC DISCRETE INP	1	19980115	1,285.19	1.1360	1,459.98
1680749	POWER MONITOR	2	19980115	18,154.81	1.1360	20,623.86
1680750	PRESSURE TRANSMI	1	19980115	4,066.15	1.1360	4,619.15
1680751	SMOKE DETECTOR	3	19980115	2,084.04	1.1360	2,367.47
1680752	CONDUCTOR	200	19980115	2,240.91	1.1360	2,545.67
1680753	CONDUIT	200	19980115	4,705.95	1.1360	5,345.96
1680754	COMP CONTROL PAN	2	19980415	12,846.67	1.1360	14,593.82
3057809	MOTOR	1	19991231	89.93	1.1038	99.26
3058734	MANUAL TRANSFER	1	20000131	30,465.53	1.0833	33,003.31
3058735	CONDUIT	140	20000131	5,424.63	1.0833	5,876.50
3058736	CONDUCTOR	140	20000131	5,424.64	1.0833	5,876.51
3093677	New VFD for 250	1	20001231	44,252.16	1.0354	45,818.69
3117979		1	20010731	55.51	1.0000	55.51
3117980	DATALINC SRM6000	2	20010731	3,701.68	1.0000	3,701.68
3117981	TIMA24K-3 3' CAB	2	20010731	70.81	1.0000	70.81
3119014		1	20010731	324.37	1.0000	324.37
Total for class T34200:				1,356,166.89		1,897,026.02

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Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T34300 Collection Mains						
1677073	VIT CLAY MAIN 8I	129877	19780701	781,468.00	2.2502	1,758,459.29
1677074	VIT CLAY MAIN 10	3132	19780701	48,799.00	2.2502	109,807.51
1677075	VIT CLAY MAIN 12	5414	19780701	81,466.00	2.2502	183,314.79
1677076	VIT CLAY MAIN 18	10110	19780701	268,505.00	2.2502	604,189.95
1677077	VIT CLAY MAIN 21	5955	19780701	220,204.00	2.2502	495,503.04
1677078	VIT CLAY MAIN 24	1450	19780701	104,643.81	2.2502	235,469.50
1677079	VIT CLAY MAIN 36	2946	19780701	270,870.00	2.2502	609,511.67
1677157	VIT CLAY MAIN 8I	97033	19790701	853,052.00	2.0525	1,750,889.23
1677158	VIT CLAY MAIN 10	1250	19790701	31,729.00	2.0525	65,123.77
1677159	VIT CLAY MAIN 12	1	19790701	16,541.00	2.0525	33,950.40
1677160	VIT CLAY MAIN 15	1275	19790701	30,045.00	2.0525	61,667.36
1677162	VIT CLAY MAIN 36	1	19790701	674.00	2.0525	1,383.39
1677225	Collection Mains	1	19800701	63.00	1.8282	115.18
1677247	VIT CLAY MAIN 8I	15789	19800701	186,177.00	1.8282	340,368.79
1677248	VIT CLAY MAIN 18	1	19800701	1,532.00	1.8282	2,800.80
1677249	VIT CLAY MAIN 24	988	19800701	67,374.00	1.8282	123,173.15
1677327	VIT CLAY MAIN 8I	31886	19810101	256,054.00	1.7464	447,172.71
1677328	VIT CLAY MAIN 10	4032	19810101	63,144.00	1.7464	110,274.68
1677329	VIT CLAY MAIN 12	1638	19810101	38,335.00	1.7464	66,948.24
1677330	VIT CLAY MAIN 24	1	19810101	3,060.00	1.7464	5,343.98
1677379	Collection Mains	1	19820101	57.00	1.7206	98.07
1677406	PVC MAINS 8IN	1	19820101	41.00	1.7206	70.54
1677407	VIT CLAY MAIN 8I	11936	19820101	149,209.00	1.7206	256,729.01
1677408	VIT CLAY MAIN 12	3726	19820101	75,359.00	1.7206	129,662.70
1677482	PVC MAINS 8IN	1329	19830101	10,121.00	1.6480	16,679.41
1677483	VIT CLAY MAIN 8I	1	19830101	780.00	1.6480	1,285.44
1677484	VIT CLAY MAIN 10	1	19830101	27,522.00	1.6480	45,356.26
1677485	VIT CLAY MAIN 12	1	19830101	65.00	1.6480	107.12
1677514	Collection Mains	1	19840101	451.00	1.6028	722.86
1677562	PVC MAINS 8IN	1	19840101	843.00	1.6028	1,351.16
1677563	VIT CLAY MAIN 8I	48400	19840101	468,049.00	1.6028	750,188.94
1677564	VIT CLAY MAIN 10	1	19840101	109.00	1.6028	174.71
1677565	VIT CLAY MAIN 12	2016	19840101	35,527.00	1.6028	56,942.68
1677648	VIT CLAY MAIN 8I	39200	19850101	312,430.00	1.5394	480,954.74
1677649	VIT CLAY MAIN 10	3672	19850101	57,193.00	1.5394	88,042.90

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Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	T34300	Collection Mains				
1677680	MANHOLES EACH 48	1	19850101	1,173.00	1.5394	1,805.72
1677788	8 IN PVC FDR 35	4281	19860101	61,565.00	1.5195	93,548.02
1677789	10 IN PVC FDR 35	1014	19860101	16,510.00	1.5195	25,086.95
1677792	VIT CLAY MAIN 8I	1	19860101	12,444.00	1.5195	18,908.66
1677793	VIT CLAY MAIN 8I	22764	19860101	259,108.00	1.5195	393,714.61
1677795	VIT CLAY MAIN 8I	1	19860101	802.00	1.5195	1,218.64
1677796	VIT CLAY MAIN 8I	1	19860101	14,388.00	1.5195	21,862.57
1677797	VIT CLAY MAIN 10	1	19860101	25,415.00	1.5195	38,618.09
1677798	VIT CLAY MAIN 10	1188	19860101	34,972.00	1.5195	53,139.95
1677799	VIT CLAY MAIN 10	1	19860101	747.00	1.5195	1,135.07
1677800	VIT CLAY MAIN 12	1	19860101	25,013.00	1.5195	38,007.25
1677821	CROSSINGS 36IN	175	19860101	11,591.00	1.5195	17,612.52
1678025	VIT CLAY MAIN 8I	876	19871001	29,082.07	1.4810	43,070.55
1678026	VIT CLAY MAIN 8I	1251	19871001	4,892.42	1.4810	7,245.67
1678028	VIT CLAY MAIN 8I	4437	19871001	42,772.95	1.4810	63,346.74
1678029	VIT CLAY MAIN 8I	6577	19871001	35,017.86	1.4810	51,861.45
1678030	VIT CLAY MAIN 8I	2533	19871001	48,818.15	1.4810	72,299.68
1678031	VIT CLAY MAIN 8I	17093	19871001	157,821.30	1.4810	233,733.35
1678032	VIT CLAY MAIN 8I	2880	19871001	20,394.00	1.4810	30,203.51
1678033	VIT CLAY MAIN 8I	1102	19871001	9,327.24	1.4810	13,813.64
1678034	VIT CLAY MAIN 8I	2258	19871001	23,673.16	1.4810	35,059.95
1678035	VIT CLAY MAIN 8I	16788	19871001	190,915.73	1.4810	282,746.20
1678037	VIT CLAY MAIN 8I	18386	19871001	153,208.73	1.4810	226,902.13
1678038	VIT CLAY MAIN 10	2601	19871001	19,865.64	1.4810	29,421.01
1678039	VIT CLAY MAIN 10	625	19871001	20,402.74	1.4810	30,216.46
1678042	VIT CLAY MAIN 12	225	19871001	11,041.77	1.4810	16,352.86
1678162	MANHOLES EACH 48	0	19871001	498.95	1.4810	738.94
1678036	VIT CLAY MAIN 8I	0	19880401	702.35	1.4624	1,027.12
1678320	VIT CLAY MAIN 8I	0	19880401	19.00	1.4624	27.79
1678321	VIT CLAY MAIN 8I	0	19880401	3,466.58	1.4624	5,069.53
1678322	VIT CLAY MAIN 8I	3264	19880401	34,781.83	1.4624	50,864.95
1678323	VIT CLAY MAIN 8I	4309	19880401	27,427.91	1.4624	40,110.58
1678330	DUCTILE IRON MAI	24	19880701	559.17	1.4267	797.77
1678507	VIT CLAY MAIN 8I	1496	19890515	25,399.70	1.4096	35,803.42
1678509	VIT CLAY MAIN 8I	19908	19890515	159,888.83	1.4096	225,379.29

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Witness: Bourassa

Company Code: 4005 Business Area: 4507

Sun City West Wastewater

Asset Class:	Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
T34300		Collection Mains					
1678510	VIT	CLAY MAIN 8I	0	19890515	20,265.41	1.4096	28,566.12
1678506	VIT	CLAY MAIN 8I	17760	19891215	147,328.25	1.3930	205,228.25
1678508	VIT	CLAY MAIN 8I	14101	19891215	127,626.87	1.3930	177,784.23
1678512	VIT	CLAY MAIN 10	0	19891215	1,498.00	1.3930	2,086.71
1678697	VIT	CLAY MAIN 8I	15168	19900115	143,048.55	1.3930	199,266.63
1678696	VIT	CLAY MAIN 8I	6143	19901215	57,300.66	1.3605	77,957.55
1678888	VIT	CLAY MAIN 8I	0	19910615	4,018.02	1.3765	5,530.80
1678885	VIT	CLAY MAIN 8I	4800	19911115	46,770.98	1.3605	63,631.92
1678886	VIT	CLAY MAIN 8I	6545	19911215	36,613.54	1.3605	49,812.72
1678887	VIT	CLAY MAIN 8I	12480	19911215	117,806.96	1.3605	160,276.37
1678889	VIT	CLAY MAIN 8I	2112	19911215	17,257.55	1.3605	23,478.90
1679030	VIT	CLAY MAIN 8I	15222	19921215	92,765.41	1.3448	124,750.92
1679031	VIT	CLAY MAIN 8I	5952	19921215	53,544.30	1.3448	72,006.37
1679032	VIT	CLAY MAIN 8I	4416	19921215	41,626.72	1.3448	55,979.61
1679033	VIT	CLAY MAIN 8I	8640	19921215	45,908.78	1.3448	61,738.13
1679034	VIT	CLAY MAIN 8I	0	19921215	1,319.45	1.3448	1,774.40
1679035	VIT	CLAY MAIN 8I	2832	19921215	14,289.62	1.3448	19,216.68
1679036	VIT	CLAY MAIN 12	0	19921215	50,154.59	1.3448	67,447.89
1679037	VIT	CLAY MAIN 12	0	19921215	40,738.14	1.3448	54,784.65
1679038	VIT	CLAY MAIN 12	0	19921215	11,787.84	1.3448	15,852.29
1679113	MANHOLE	COVER EA	24	19921215	3,507.92	1.3448	4,717.45
1679245	15 IN PVC	FDR 35	15127	19930115	445,503.55	1.3146	585,658.97
1679246	18 IN PVC	FDR 35	9775	19930115	219,022.98	1.3146	287,927.61
1679252	VIT	CLAY MAIN 8I	2689	19930115	38,895.72	1.3146	51,132.31
1679256	VIT	CLAY MAIN 10	535	19930115	10,969.65	1.3146	14,420.70
1679277	DUCTILE IRON	MAI	90	19930115	14,169.75	1.3146	18,627.55
1679280	DUCTILE IRON	MAI	65	19930115	9,851.56	1.3146	12,950.86
1679254	VIT	CLAY MAIN 8I	2334	19930415	29,048.70	1.3146	38,187.42
1679253	VIT	CLAY MAIN 8I	22644	19930615	201,049.62	1.3146	264,299.83
1679257	VIT	CLAY MAIN 10	702	19930615	14,007.90	1.3146	18,414.79
1679255	VIT	CLAY MAIN 8I	2400	19930715	29,070.37	1.2857	37,375.77
1679251	VIT	CLAY MAIN 8I	7200	19930915	36,134.22	1.2857	46,457.77
1679258	VIT	CLAY MAIN 12	0	19930915	30,026.59	1.2857	38,605.19
1679968	ABS TRUSS	PIPE M	0	19940615	9.29	1.2580	11.69
1679492	PVC MAINS	6IN SD	0	19941215	2,988.00	1.2315	3,679.72

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Company Code: 4005 Business Area: 4507

Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	T34300 Collection Mains					
1679493	PVC MAINS 6IN SD	1272	19941215	20,152.30	1.2315	24,817.56
1679501	VIT CLAY MAIN 8I	33463	19941215	234,122.21	1.2315	288,321.50
1679502	VIT CLAY MAIN 8I	1440	19941215	23,734.22	1.2315	29,228.69
1679503	VIT CLAY MAIN 8I	0	19941215	45,589.00	1.2315	56,142.85
1679504	VIT CLAY MAIN 8I	2496	19941215	12,641.00	1.2315	15,567.39
1679505	VIT CLAY MAIN 8I	32152	19941215	216,625.47	1.2315	266,774.27
1679506	VIT CLAY MAIN 8I	4441	19941215	45,756.17	1.2315	56,348.72
1679507	VIT CLAY MAIN 10	324	19941215	3,587.00	1.2315	4,417.39
1679508	VIT CLAY MAIN 10	0	19941215	731.00	1.2315	900.23
1679509	VIT CLAY MAIN 10	486	19941215	24,157.00	1.2315	29,749.35
1679510	VIT CLAY MAIN 10	20890	19941215	20,890.00	1.2315	25,726.04
1679511	VIT CLAY MAIN 12	1512	19941215	32,060.00	1.2315	39,481.89
1679512	VIT CLAY MAIN 12	1325	19941215	4,708.00	1.2315	5,797.90
1679513	VIT CLAY MAIN 12	1476	19941215	19,230.00	1.2315	23,681.75
1679514	VIT CLAY MAIN 12	150	19941215	521.00	1.2315	641.61
1679515	VIT CLAY MAIN 15	3007	19941215	97,589.00	1.2315	120,180.85
1679613	MANHOLES 48IN DI	0	19941215	7,798.00	1.2315	9,603.24
1679619	MANHOLES 60IN DI	0	19941215	1,560.00	1.2315	1,921.14
1679622	MANHOLE COVER	0	19941215	780.00	1.2315	960.57
1679969	PVC MAINS 6IN SD	0	19950115	47.84	1.2061	57.70
1679974	VIT CLAY MAIN 8I	0	19950115	14.06	1.2061	16.96
1679976	VIT CLAY MAIN 8I	0	19950115	72.01	1.2061	86.85
1679978	VIT CLAY MAIN 8I	0	19950115	708.01	1.2061	853.93
1679979	VIT CLAY MAIN 8I	0	19950115	47.84	1.2061	57.70
1679980	VIT CLAY MAIN 8I	0	19950115	12,947.68	1.2061	15,616.20
1679988	VIT CLAY MAIN 12	0	19950115	1,282.48	1.2061	1,546.80
1679989	VIT CLAY MAIN 12	0	19950115	3,236.92	1.2061	3,904.05
1679977	VIT CLAY MAIN 8I	10540	19951215	40,309.07	1.1939	48,125.00
1679981	VIT CLAY MAIN 8I	3580	19951215	36,542.41	1.1939	43,627.98
1679982	VIT CLAY MAIN 8I	27920	19951215	248,784.85	1.1939	297,024.23
1679984	VIT CLAY MAIN 8I	0	19951215	16,711.24	1.1939	19,951.55
1679992	DUCTILE IRON MAI	300	19951215	7,957.43	1.1939	9,500.38
1679983	VIT CLAY MAIN 8I	0	19960115	177.60	1.1818	209.89
1679985	VIT CLAY MAIN 8I	0	19960115	534.61	1.1818	631.80
1680282	VIT CLAY MAIN 8I	5077	19960115	30,054.43	1.1818	35,518.33

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Witness: Bourassa

Company Code: 4005 Business Area: 4507 Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T34300 Collection Mains						
1680283	VIT CLAY MAIN 8I	2258	19960115	12,656.11	1.1818	14,956.99
1680287	VIT CLAY MAIN 10	1210	19960115	5,734.35	1.1818	6,776.85
1680288	VIT CLAY MAIN 10	0	19960115	12,631.69	1.1818	14,928.13
1680281	VIT CLAY MAIN 8I	0	19960315	3,241.11	1.1818	3,830.34
1680285	VIT CLAY MAIN 8I	3281	19960315	20,878.77	1.1818	24,674.53
1680289	VIT CLAY MAIN 10	4122	19960315	24,501.58	1.1818	28,955.97
1680280	VIT CLAY MAIN 8I	3250	19960615	8,870.11	1.1818	10,482.70
1680284	VIT CLAY MAIN 8I	18520	19960615	92,530.85	1.1818	109,352.96
1680286	VIT CLAY MAIN 8I	0	19960615	9,769.94	1.1818	11,546.12
1680275	PVC MAINS 6IN SD	70	19961215	3,837.58	1.1700	4,489.97
1680279	PVC MAINS 8IN SD	135	19961215	9,133.43	1.1700	10,686.11
1680523	PVC MAINS 4IN SD	60	19970215	8,508.56	1.1471	9,760.17
1680524	PVC MAINS 6IN SD	70	19971215	1,534.80	1.1471	1,760.57
1680525	PVC MAINS 8IN SD	1012	19971215	22,096.03	1.1471	25,346.36
1680528	PVC MAINS 8IN SD	700	19971215	7,314.99	1.1471	8,391.03
1680755	PVC MAINS 10IN S	440	19980915	23,927.86	1.1250	26,918.84
3056960	8" SDR 35 PVC PI	665	19991231	12,218.20	1.1038	13,486.45
3056964	8" SDR 35 SEWER	42	19991231	1,659.94	1.1038	1,832.24
3097218	1995 Rate Order	0	20000101	121,567.41	1.0833	131,693.98
3084198	8" SDR 35 PVC PI	673	20000930	28,285.90	1.0354	29,287.22
3118703	LABOR TO REPAIR	1	20010731	34,540.45	1.0000	34,540.45
3118949	VIT CLAY MAIN 8"	1	20010731	1,681.22	1.0000	1,681.22
3119545	LINE REPLACEMENT	1	20010731	8,350.07	1.0000	8,350.07
Total for class T34300:				9,788,254.15		15,934,944.94
Asset Class: T34400 Force Mains						
1677089	ASB CEMENT FM 12	351	19780701	3,152.00	2.2502	7,092.63
1677090	ASB CEMENT FM 12	111	19780701	1,077.00	2.2502	2,423.47
1677091	ASB CEMENT FM 18	7448	19780701	226,758.00	2.2502	510,250.85
1677092	ASB CEMENT FM 18	1	19780701	2,923.00	2.2502	6,577.33
1677093	DUCTILE IRON FM	1	19780701	10,433.00	2.2502	23,476.34
1677098	PVC FM 8IN CL160	8294	19780701	216,491.00	2.2502	487,148.05
1677107	VALVES 18IN	7	19780701	11,941.00	2.2502	26,869.64
1677109	VALVE BOXES EACH	1	19780701	1,642.00	2.2502	3,694.83
1677173	ASB CEMENT FM 12	1	19790701	297.00	2.0525	609.59

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Witness: Bourassa

Company Code: 4005 Business Area: 4507

Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	T34400	Force Mains				
1677174	ASB CEMENT FM 18	676	19790701	41,068.00	2.0525	84,292.07
1677175	ASB CEMENT FM 18	1	19790701	8,044.00	2.0525	16,510.31
1677176	DUCTILE IRON FM	1	19790701	142.00	2.0525	291.46
1677177	DUCTILE IRON FM	1	19790701	197.00	2.0525	404.34
1677191	VALVE BOXES EACH	1	19790701	1,033.00	2.0525	2,120.23
1677257	ASB CEMENT FM 18	91	19800701	4,714.00	1.8282	8,618.13
1677339	ASB CEMENT FM 18	1	19810101	114,786.00	1.7464	200,462.27
1677349	STEEL MAINS 18IN	1	19810101	68,562.00	1.7464	119,736.68
1677418	ASB CEMENT FM 18	507	19820101	15.00	1.7206	25.81
1677419	DUCTILE IRON FM	1476	19820101	32,707.00	1.7206	56,275.66
1677492	ASB CEMENT FM 18	1	19830101	6,883.00	1.6480	11,343.18
1677822	ASB CEMENT FM 18	1	19860101	74.00	1.5195	112.44

Total for class T34400:

1,568,335.31

Asset Class: T34500 Discharge Services

1677110	VITR CLAY DISCHG	1	19780701	228,626.00	2.2502	514,454.23
1677111	PVC DISCHG SERV	4752	19780701	11,344.00	2.2502	25,526.27
1677192	VITR CLAY DISCHG	1	19790701	223,953.00	2.0525	459,663.53
1677193	VITR CLAY DISCHG	1	19790701	648.00	2.0525	1,330.02
1677270	VITR CLAY DISCHG	1	19800701	43,743.00	1.8282	79,970.95
1677353	VITR CLAY DISCHG	210	19810101	168,933.00	1.7464	295,024.59
1677380	Discharge Servic	1	19820101	56.00	1.7206	96.35
1677432	VITR CLAY DISCHG	1	19820101	44,212.00	1.7206	76,071.17
1677433	PVC DISCHG SERV	1	19820101	1,516.00	1.7206	2,608.43
1677434	BITUMINIZED FIBR	1	19820101	72.00	1.7206	123.88
1677499	VITR CLAY DISCHG	1	19830101	9,146.00	1.6480	15,072.61
1677592	VITR CLAY DISCHG	1	19840101	195,684.00	1.6028	313,642.32
1677593	VITR CLAY DISCHG	1	19840101	2,182.00	1.6028	3,497.31
1677677	VITR CLAY DISCHG	1	19850101	128,628.00	1.5394	198,009.94
1677678	VITR CLAY DISCHG	1	19850101	207.00	1.5394	318.66
1677845	VITR CLAY DISCHG	1	19860101	99,338.00	1.5195	150,944.09
1677846	VITR CLAY DISCHG	1	19860101	1,970.00	1.5195	2,993.42
1677847	VITR CLAY DISCHG	1	19860101	3,537.00	1.5195	5,374.47
1677849	VITR CLAY DISCHG	1	19860101	1,059.00	1.5195	1,609.15
1677850	VITR CLAY DISCHG	1	19860101	1,700.00	1.5195	2,583.15

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Company Code: 4005		Business Area: 4507		Sun City West Wastewater			
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost	
Asset Class:	T34500 Discharge Services						
1677851	VITR CLAY DISCHG	1	19860101	9.00	1.5195		13.68
1677852	PVC DISCHG SERV	8	19860101	1,073.00	1.5195		1,630.42
1677853	PVC DISCHG SERV	11	19860101	1,845.00	1.5195		2,803.48
1678132	VITR CLAY DISCHG	0	19871001	4,228.01	1.4810		6,261.68
1678133	VITR CLAY DISCHG	0	19871001	1,590.74	1.4810		2,355.89
1678134	VITR CLAY DISCHG	0	19871001	2,807.54	1.4810		4,157.97
1678135	VITR CLAY DISCHG	0	19871001	14,298.85	1.4810		21,176.60
1678136	VITR CLAY DISCHG	0	19871001	2,708.34	1.4810		4,011.05
1678137	VITR CLAY DISCHG	0	19871001	3,629.63	1.4810		5,375.48
1678138	VITR CLAY DISCHG	0	19871001	3,791.97	1.4810		5,615.91
1678139	VITR CLAY DISCHG	3	19871001	69,907.10	1.4810		103,532.42
1678140	VITR CLAY DISCHG	0	19871001	10,451.00	1.4810		15,477.93
1678141	VITR CLAY DISCHG	0	19871001	4,705.79	1.4810		6,969.27
1678142	VITR CLAY DISCHG	0	19871001	9,920.43	1.4810		14,692.16
1678143	VITR CLAY DISCHG	0	19871001	64,771.74	1.4810		95,926.95
1678144	VITR CLAY DISCHG	0	19871001	44,746.80	1.4810		66,270.01
1678145	VITR CLAY DISCHG	1	19871001	1,805.22	1.4810		2,673.53
1678146	VITR CLAY DISCHG	1	19871001	832.83	1.4810		1,233.42
1678147	VIT CLAY DISCHG	1	19871001	2,082.08	1.4810		3,083.56
1678347	VITR CLAY DISCHG	0	19880401	3,160.74	1.4624		4,622.27
1678348	VITR CLAY DISCHG	0	19880401	15,821.45	1.4624		23,137.29
1678349	VITR CLAY DISCHG	0	19880401	8,754.22	1.4624		12,802.17
1678569	VITR CLAY DISCHG	0	19890515	7,318.89	1.4096		10,316.71
1678571	VITR CLAY DISCHG	0	19890515	35,580.42	1.4096		50,154.16
1678572	VITR CLAY DISCHG	0	19890515	9,607.59	1.4096		13,542.86
1678568	VITR CLAY DISCHG	0	19891215	53,723.60	1.3930		74,836.97
1678570	VITR CLAY DISCHG	0	19891215	58,775.98	1.3930		81,874.94
1678573	VITR CLAY DISCHG	0	19891215	2,522.44	1.3930		3,513.76
1678750	VITR CLAY DISCHG	0	19900115	26,009.73	1.3930		36,231.55
1678757	MANHOLES EACH 42	0	19900115	19,521.39	1.3930		27,193.30
1678574	VITR CLAY DISCHG	0	19900615	3,434.92	1.3930		4,784.84
1678749	VITR CLAY DISCHG	2496	19901215	16,698.32	1.3605		22,718.06
1678751	VITR CLAY DISCHG	0	19901215	22,961.02	1.3605		31,238.47
1678932	VITR CLAY DISCHG	0	19911115	3,865.23	1.3605		5,258.65
1678933	VITR CLAY DISCHG	0	19911215	28,203.97	1.3605		38,371.50

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Company Code: 4005		Business Area: 4507		Sun City West Wastewater			
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost	
Asset Class: T34500 Discharge Services							
1678934	VITR CLAY DISCHG	0	19911215	33,775.34	1.3605	45,951.35	
1678935	VITR CLAY DISCHG	0	19911215	8,909.08	1.3605	12,120.80	
1678938	MANHOLES EACH 48	4	19911215	1,225.30	1.3605	1,667.02	
1679097	VITR CLAY DISCHG	0	19921215	49,967.57	1.3448	67,196.39	
1679098	VITR CLAY DISCHG	0	19921215	17,554.95	1.3448	23,607.90	
1679099	VITR CLAY DISCHG	0	19921215	16,065.87	1.3448	21,605.38	
1679100	VITR CLAY DISCHG	0	19921215	13,168.01	1.3448	17,708.34	
1679101	VITR CLAY DISCHG	0	19921215	3,395.09	1.3448	4,565.72	
1679102	VITR CLAY DISCHG	0	19921215	9,214.79	1.3448	12,392.05	
1679325	VITR CLAY DISCHG	56	19930415	9,227.15	1.3146	12,130.01	
1679324	VITR CLAY DISCHG	457	19930615	79,064.39	1.3146	103,938.05	
1679322	VITR CLAY DISCHG	85	19930715	4,075.63	1.2857	5,240.04	
1679323	VITR CLAY DISCHG	167	19930915	20,069.07	1.2857	25,802.80	
1679326	VITR CLAY DISCHG	0	19931115	1,855.00	1.2857	2,384.97	
1679599	VITR CLAY DISCHG	283	19941215	48,457.00	1.2315	59,674.80	
1679600	VITR CLAY DISCHG	216	19941215	101,894.21	1.2315	125,482.72	
1679601	VITR CLAY DISCHG	40	19941215	12,718.46	1.2315	15,662.78	
1679602	VITR CLAY DISCHG	593	19941215	82,782.93	1.2315	101,947.18	
1679603	VITR CLAY DISCHG	118	19941215	18,320.58	1.2315	22,561.79	
1679604	VITR CLAY DISCHG	12201	19941215	105,771.84	1.2315	130,258.02	
1680052	VITR CLAY DISCHG	0	19950115	10,259.82	1.2061	12,374.37	
1680054	VITR CLAY DISCHG	0	19950115	47.82	1.2061	57.68	
1680055	VITR CLAY DISCHG	0	19950115	1,618.46	1.2061	1,952.02	
1680056	VITR CLAY DISCHG	0	19950115	1,122.51	1.2061	1,353.86	
1680061	VITR CLAY DISCHG	0	19950115	2,564.95	1.2061	3,093.59	
1680057	VITR CLAY DISCHG	75	19951215	14,532.28	1.1939	17,350.09	
1680059	VITR CLAY DISCHG	509	19951215	120,920.65	1.1939	144,367.16	
1680060	VITR CLAY DISCHG	171	19951215	28,773.44	1.1939	34,352.61	
1680058	VITR CLAY DISCHG	0	19960115	79.29	1.1818	93.70	
1680346	VITR CLAY DISCHG	146	19960115	26,565.04	1.1818	31,394.56	
1680347	VITR CLAY DISCHG	62	19960115	7,363.39	1.1818	8,702.05	
1680348	VITR CLAY DISCHG	353	19960615	53,496.33	1.1818	63,221.96	
1680349	VITR CLAY DISCHG	38	19960615	3,104.04	1.1818	3,668.35	
1680350	PVC DISCHG SERV	1	19961215	702.08	1.1700	821.43	
1680590	PVC DISCHG SERV	1	19971215	331.21	1.1471	379.93	

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Witness: Bourassa

Company Code: 4005 Business Area: 4507

Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T34500 Discharge Services						
1680592	PVC DISCHG SERV	6	19971215	1,987.25	1.1471	2,279.57
1680593	PVC DISCHG SERV	5	19971215	1,294.38	1.1471	1,484.78
3056961	4" SERVICE	1	19991231	600.00	1.1038	662.28
3056965	8" SERVICE	2	19991231	800.00	1.1038	883.04
3084199	8" Sewer Service	4	20000930	3,766.42	1.0354	3,899.75
Total for class T34500:				2,645,160.60		4,097,064.34
Asset Class: T34800 Manholes						
1677112	CLEANOUT EACH	27	19780701	1,670.00	2.2502	3,757.83
1677113	DROP PIPE EACH	28	19780701	3,016.00	2.2502	6,786.60
1677114	MANHOLES EACH 48	307	19780701	187,337.00	2.2502	421,545.72
1677115	MANHOLES EACH 60	26	19780701	70,669.00	2.2502	159,019.38
1677116	MANHOLE COVER EA	477	19780701	65,047.00	2.2502	146,368.76
1677195	CLEANOUT EACH	26	19790701	2,078.00	2.0525	4,265.10
1677196	DROP PIPE EACH	8	19790701	586.00	2.0525	1,202.77
1677198	MANHOLES EACH 48	207	19790701	286,259.00	2.0525	587,546.60
1677199	MANHOLES EACH 60	2	19790701	3,151.00	2.0525	6,467.43
1677200	MANHOLE COVER EA	324	19790701	47,194.00	2.0525	96,865.69
1677272	CLEANOUT EACH	6	19800701	351.00	1.8282	641.70
1677274	MANHOLES EACH 48	45	19800701	86,150.00	1.8282	157,499.43
1677275	MANHOLES EACH 60	5	19800701	23,713.00	1.8282	43,352.11
1677276	MANHOLE COVER EA	56	19800701	8,812.00	1.8282	16,110.10
1677354	CLEANOUT EACH	11	19810101	615.00	1.7464	1,074.04
1677356	MANHOLES EACH 48	94	19810101	85,178.00	1.7464	148,754.86
1677357	MANHOLE COVER EA	84	19810101	32,364.00	1.7464	56,520.49
1677381	Manholes - CIAC	1	19820101	784.00	1.7206	1,348.95
1677435	CLEANOUT EACH	3	19820101	2,600.00	1.7206	4,473.56
1677436	MANHOLES EACH 48	36	19820101	101,182.00	1.7206	174,093.75
1677437	MANHOLE COVER EA	30	19820101	19,899.00	1.7206	34,238.22
1677500	CLEANOUT EACH	4	19830101	5,764.00	1.6480	9,499.07
1677501	MANHOLES EACH 48	1	19830101	28,816.00	1.6480	47,488.77
1677502	MANHOLE COVER EA	1	19830101	2,029.00	1.6480	3,343.79
1677595	CLEANOUT EACH	41	19840101	3,006.00	1.6028	4,818.02
1677596	DROP CONNECTION	1	19840101	23.00	1.6028	36.86
1677597	MANHOLES EACH 48	3289	19840101	213,426.00	1.6028	342,079.19

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Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T34800	Manholes					
1677598	MANHOLE COVER EA	173	19840101	52,309.00	1.6028	83,840.87
1677679	CLEANOUT EACH	48	19850101	4,262.00	1.5394	6,560.92
1677681	MANHOLES EACH 48	124	19850101	193,626.00	1.5394	298,067.86
1677683	MANHOLE COVER EA	142	19850101	46,727.00	1.5394	71,931.54
1677854	CLEANOUT EACH	2	19860101	189.00	1.5195	287.19
1677855	DROP CONNECTION	2	19860101	447.00	1.5195	679.22
1677856	MANHOLES EACH 48	106	19860101	142,328.00	1.5195	216,267.40
1677857	MANHOLES EACH 48	1	19860101	108.00	1.5195	164.11
1677858	MANHOLES EACH 48	0	19860101	3,174.00	1.5195	4,822.89
1677859	MANHOLES EACH 48	1	19860101	929.00	1.5195	1,411.62
1677860	MANHOLES EACH 48	1	19860101	10,448.00	1.5195	15,875.74
1677863	MANHOLE COVER EA	47	19860101	12,673.00	1.5195	19,256.62
1678149	CLEANOUT EACH	0	19871001	210.15	1.4810	311.23
1678150	CLEANOUT EACH	0	19871001	166.41	1.4810	246.45
1678151	CLEANOUT EACH	0	19871001	313.11	1.4810	463.72
1678152	CLEANOUT EACH	6	19871001	388.25	1.4810	575.00
1678153	CLEANOUT EACH	3	19871001	256.00	1.4810	379.14
1678154	CLEANOUT EACH	1	19871001	41.60	1.4810	61.61
1678155	CLEANOUT EACH	1	19871001	42.71	1.4810	63.25
1678156	CLEANOUT EACH	8	19871001	327.17	1.4810	484.54
1678157	CLEANOUT EACH	9	19871001	459.51	1.4810	680.53
1678158	MANHOLES EACH 48	0	19871001	21,913.09	1.4810	32,453.29
1678159	MANHOLES EACH 48	8	19871001	20,676.73	1.4810	30,622.24
1678160	MANHOLES EACH 48	0	19871001	107.84	1.4810	159.71
1678161	MANHOLES EACH 48	0	19871001	884.93	1.4810	1,310.58
1678163	MANHOLES EACH 48	0	19871001	12,011.98	1.4810	17,789.74
1678164	MANHOLES EACH 48	0	19871001	9,218.03	1.4810	13,651.90
1678165	MANHOLES EACH 48	1	19871001	2,354.54	1.4810	3,487.07
1678166	MANHOLES EACH 48	6	19871001	6,795.58	1.4810	10,064.25
1678167	MANHOLES EACH 48	31	19871001	51,248.40	1.4810	75,898.88
1678168	MANHOLES EACH 48	4	19871001	10,110.00	1.4810	14,972.91
1678169	MANHOLES EACH 48	2	19871001	2,576.10	1.4810	3,815.20
1678170	MANHOLES EACH 48	7	19871001	6,522.34	1.4810	9,659.59
1678172	MANHOLES EACH 48	55	19871001	55,187.58	1.4810	81,732.81
1678174	MANHOLES EACH 48	46	19871001	48,133.60	1.4810	71,285.86

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Company Code: 4005		Business Area: 4507		Sun City West Wastewater			Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Main	Description										
Asset Class: T34800		Manholes									
1678182	MANHOLE COVER EA	8	19871001	856.36	1.4810	1,268.27					
1678183	MANHOLE COVER EA	20	19871001	3,136.81	1.4810	4,645.62					
1678184	MANHOLE COVER EA	57	19871001	7,898.10	1.4810	11,697.09					
1678171	MANHOLES EACH 48	0	19880401	3,304.00	1.4624	4,831.77					
1678173	MANHOLES EACH 48	0	19880401	3,244.65	1.4624	4,744.98					
1678350	MANHOLES EACH 48	0	19880401	9,394.68	1.4624	13,738.78					
1678351	MANHOLES EACH 48	9	19880401	8,892.55	1.4624	13,004.47					
1678352	MANHOLES EACH 48	6	19880401	7,033.87	1.4624	10,286.33					
1678578	CLEANOUT EACH	0	19890515	1,525.82	1.4096	2,150.80					
1678582	MANHOLES EACH 48	1	19890515	30,751.54	1.4096	43,347.37					
1678584	MANHOLES EACH 48	25	19890515	41,541.91	1.4096	58,557.48					
1678586	MANHOLES EACH 48	13	19890515	11,743.18	1.4096	16,553.19					
1678593	MANHOLE COVER EA	20	19890515	2,768.84	1.4096	3,902.96					
1678575	CLEANOUT EACH	11	19891215	1,481.78	1.3930	2,064.12					
1678577	CLEANOUT EACH	51	19891215	6,715.74	1.3930	9,355.03					
1678579	CLEANOUT EACH	0	19891215	1,589.27	1.3930	2,213.85					
1678581	MANHOLES EACH 48	48	19891215	32,804.75	1.3930	45,697.02					
1678583	MANHOLES EACH 48	48	19891215	47,770.58	1.3930	66,544.42					
1678588	MANHOLES EACH 48	0	19891215	18,396.75	1.3930	25,626.67					
1678591	MANHOLE COVER EA	49	19891215	5,914.62	1.3930	8,239.07					
1678592	MANHOLE COVER EA	42	19891215	1,690.05	1.3930	2,354.24					
1678753	CLEANOUT EACH	0	19900115	691.41	1.3930	963.13					
1678759	MANHOLES EACH 48	46	19900115	27,937.25	1.3930	38,916.59					
1678770	MANHOLE COVER EA	59	19900115	9,487.67	1.3930	13,216.32					
1678580	CLEANOUT EACH	0	19900615	261.43	1.3930	364.17					
1678585	MANHOLES EACH 48	2	19900615	4,130.00	1.3930	5,753.09					
1678587	MANHOLES EACH 48	0	19900615	3,260.00	1.3930	4,541.18					
1678589	MANHOLES EACH 48	0	19900615	3,157.71	1.3930	4,398.69					
1678756	MANHOLES EACH 42	4	19900615	1,017.54	1.3930	1,417.43					
1678752	CLEANOUT EACH	0	19901215	616.77	1.3605	839.12					
1678754	CLEANOUT EACH	0	19901215	131.64	1.3605	179.10					
1678758	MANHOLES EACH 48	10	19901215	8,198.15	1.3605	11,153.58					
1678760	MANHOLES EACH 48	0	19901215	9,495.34	1.3605	12,918.41					
1678769	MANHOLE COVER EA	3	19901215	895.50	1.3605	1,218.33					
1678941	MANHOLES EACH 48	0	19910615	1,124.98	1.3765	1,548.53					

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Company Code: 4005		Business Area: 4507		Sun City West Wastewater			Qty	Acquisition Date	Original Cost	Factor	RCN Cost				
Main	Description														
Asset Class: T34800 Manholes															
1678937	MANHOLES EACH 48	14	19911115	3,293.72	1.3605	4,481.11									
1678944	MANHOLE COVER EA	16	19911115	2,017.06	1.3605	2,744.21									
1678936	CLEANOUT EACH	0	19911215	504.30	1.3605	686.10									
1678939	MANHOLES EACH 48	11	19911215	6,915.88	1.3605	9,409.05									
1678940	MANHOLES EACH 48	32	19911215	25,368.61	1.3605	34,513.99									
1678942	MANHOLES EACH 48	6	19911215	7,867.67	1.3605	10,703.97									
1678945	MANHOLE COVER EA	9	19911215	1,277.31	1.3605	1,737.78									
1678946	MANHOLE COVER EA	0	19911215	766.39	1.3605	1,042.67									
1679103	CLEANOUT EACH	0	19921215	2,273.17	1.3448	3,056.96									
1679104	CLEANOUT EACH	0	19921215	82.46	1.3448	110.89									
1679105	CLEANOUT EACH	0	19921215	207.46	1.3448	278.99									
1679106	CLEANOUT EACH	4	19921215	219.04	1.3448	294.56									
1679107	DROP CONNECTION	0	19921215	309.07	1.3448	415.64									
1679108	MANHOLES EACH 48	46	19921215	32,299.01	1.3448	43,435.71									
1679109	MANHOLES EACH 48	17	19921215	12,205.04	1.3448	16,413.34									
1679110	MANHOLES EACH 48	12	19921215	9,479.19	1.3448	12,747.61									
1679111	MANHOLES EACH 48	0	19921215	10,038.70	1.3448	13,500.04									
1679112	MANHOLES EACH 48	0	19921215	3,796.27	1.3448	5,105.22									
1679114	MANHOLE COVER EA	0	19921215	3,895.33	1.3448	5,238.44									
1679115	MANHOLE COVER EA	17	19921215	2,509.65	1.3448	3,374.98									
1679116	MANHOLE COVER EA	3	19921215	1,639.22	1.3448	2,204.42									
1679117	MANHOLE COVER EA	28	19921215	6,561.91	1.3448	8,824.46									
1679118	MANHOLE COVER EA	10	19921215	2,003.44	1.3448	2,694.23									
1679334	MANHOLES EACH 48	11	19930115	24,092.12	1.3146	31,671.50									
1679337	MANHOLES EACH 60	57	19930115	49,003.91	1.3146	64,420.54									
1679340	MANHOLE COVER EA	68	19930115	14,515.76	1.3146	19,082.42									
1679331	CLEANOUT EACH	3	19930415	215.70	1.3146	283.56									
1679336	MANHOLES EACH 48	7	19930415	3,055.77	1.3146	4,017.12									
1679342	MANHOLE COVER EA	7	19930415	1,235.68	1.3146	1,624.42									
1679330	CLEANOUT EACH	15	19930615	10,518.77	1.3146	13,827.98									
1679335	MANHOLES EACH 48	65	19930615	25,202.79	1.3146	33,131.59									
1679341	MANHOLE COVER EA	65	19930615	18,840.13	1.3146	24,767.23									
1679328	CLEANOUT EACH	2	19930715	686.41	1.2857	882.52									
1679332	MANHOLES EACH 48	6	19930715	5,856.71	1.2857	7,529.97									
1679338	MANHOLE COVER EA	6	19930715	763.88	1.2857	982.12									

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Company Code: 4005		Business Area: 4507		Sun City West Wastewater			Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Main	Description										
Asset Class: T34800		Manholes									
1679329	CLEANOUT EACH			4	19930915	64.59	1.2857			83.04	
1679333	MANHOLES EACH 48			25	19930915	11,158.44	1.2857			14,346.41	
1679339	MANHOLE COVER EA			25	19930915	4,484.09	1.2857			5,765.19	
1679605	CLEANOUT			13	19941215	2,556.00	1.2315			3,147.71	
1679606	CLEANOUT			10	19941215	2,251.00	1.2315			2,772.11	
1679607	CLEANOUT			0	19941215	707.00	1.2315			870.67	
1679608	CLEANOUT			15	19941215	2,192.00	1.2315			2,699.45	
1679609	CLEANOUT			3	19941215	1,306.00	1.2315			1,608.34	
1679612	MANHOLES 48IN DI			8	19941215	25,734.57	1.2315			31,692.12	
1679614	MANHOLES 48IN DI			1	19941215	13,100.23	1.2315			16,132.93	
1679615	MANHOLES 48IN DI			82	19941215	53,880.60	1.2315			66,353.96	
1679616	MANHOLES 48IN DI			20	19941215	18,081.86	1.2315			22,267.81	
1679621	MANHOLE COVER			0	19941215	12,023.00	1.2315			14,806.32	
1679623	MANHOLE COVER			58	19941215	27,161.58	1.2315			33,449.49	
1679624	MANHOLE COVER			5	19941215	8,180.78	1.2315			10,074.63	
1679625	MANHOLE COVER			2	19941215	2,827.00	1.2315			3,481.45	
1679626	MANHOLE COVER			126	19941215	33,218.00	1.2315			40,907.97	
1679627	MANHOLE COVER			19	19941215	9,966.00	1.2315			12,273.13	
1680066	MANHOLES 48IN DI			0	19950115	3,847.43	1.2061			4,640.39	
1680067	MANHOLES 48IN DI			0	19950115	382.59	1.2061			461.44	
1680068	MANHOLES 48IN DI			0	19950115	9,710.64	1.2061			11,712.00	
1680069	MANHOLES 48IN DI			0	19950115	6,735.07	1.2061			8,123.17	
1680073	MANHOLE COVER			0	19950115	1,282.48	1.2061			1,546.80	
1680074	MANHOLE COVER			0	19950115	14.18	1.2061			17.10	
1680076	MANHOLE COVER			0	19950115	47.82	1.2061			57.68	
1680077	MANHOLE COVER			0	19950115	4,855.32	1.2061			5,856.00	
1680078	MANHOLE COVER			0	19950115	3,367.53	1.2061			4,061.58	
1680063	CLEANOUT			5	19951215	1,156.46	1.1939			1,380.70	
1680064	CLEANOUT			19	19951215	8,163.74	1.1939			9,746.69	
1680065	CLEANOUT			6	19951215	2,955.38	1.1939			3,528.43	
1680070	MANHOLES 48IN DI			10	19951215	10,245.95	1.1939			12,332.64	
1680071	MANHOLES 48IN DI			83	19951215	63,932.09	1.1939			76,328.52	
1680072	MANHOLES 48IN DI			29	19951215	28,998.92	1.1939			34,621.81	
1680079	MANHOLE COVER			10	19951215	3,176.50	1.1939			3,792.42	
1680080	MANHOLE COVER			83	19951215	41,921.56	1.1939			50,050.15	

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Company Code: 4005 Business Area: 4507

Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T34800 Manholes						
1680081	MANHOLE COVER	29	19951215	8,939.47	1.1939	10,672.83
1680351	CLEANOUT	4	19960115	564.99	1.1818	667.71
1680352	CLEANOUT	2	19960115	346.36	1.1818	409.33
1680354	MANHOLES 48IN DI	16	19960115	17,106.32	1.1818	20,216.25
1680355	MANHOLES 48IN DI	8	19960115	7,912.40	1.1818	9,350.87
1680360	MANHOLE COVER	16	19960115	2,762.12	1.1818	3,264.27
1680361	MANHOLE COVER	8	19960115	2,433.78	1.1818	2,876.24
1680357	MANHOLES 48IN DI	11	19960315	13,809.74	1.1818	16,320.35
1680363	MANHOLE COVER	11	19960315	1,740.52	1.1818	2,056.95
1680353	CLEANOUT	10	19960615	1,414.46	1.1818	1,671.61
1680356	MANHOLES 48IN DI	43	19960615	38,067.20	1.1818	44,987.82
1680358	MANHOLES 48IN DI	4	19960615	10,229.95	1.1818	12,089.75
1680362	MANHOLE COVER	28	19960615	5,196.28	1.1818	6,140.96
1680364	MANHOLE COVER	4	19960615	1,016.85	1.1818	1,201.71
1680359	MANHOLES 48IN DI	1	19961215	1,433.39	1.1700	1,677.07
1680365	MANHOLE COVER	1	19961215	292.53	1.1700	342.26
1680594	MANHOLES 48IN DI	7	19971215	9,660.32	1.1471	11,081.35
1680595	MANHOLES 48IN DI	2	19971215	3,881.04	1.1471	4,451.94
1680596	MANHOLE COVER	7	19971215	1,159.25	1.1471	1,329.78
1680597	MANHOLE COVER	2	19971215	776.22	1.1471	890.40
1680757	MANHOLES 48IN DI	3	19980915	7,522.31	1.1250	8,462.60
1680758	MANHOLE COVER	3	19980915	752.23	1.1250	846.26
3056962	RING & COVER	4	19991231	1,243.62	1.1038	1,372.71
3056963	1-48" & 1-60" MA	4	19991231	8,756.38	1.1038	9,665.29
3084200	48" Manhole	3	20000930	7,700.50	1.0354	7,973.10
3084201	60" Manhole	2	20000930	6,157.63	1.0354	6,375.61
3084202	Manhole Ring & C	5	20000930	1,539.79	1.0354	1,594.30
Total for class T34800:				3,189,365.47		5,100,900.38
Asset Class: T39000 Structures and Improvements						
3059097	CONDUIT	945	19991231	26,226.00	1.1038	28,948.26
3059098	CONDUCTOR	945	19991231	26,226.00	1.1038	28,948.26
3059099	CABINET	1	19991231	17,719.95	1.1038	19,559.28
3059100	GENERATOR	1	19991231	161,107.18	1.1038	177,830.11
3059101	TRANSFER SWITCH	1	19991231	19,042.77	1.1038	21,019.41

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Asset Class: T39000	Structures and Improvements					
3059102	TRANSFORMER MODS	1	19991231	0.00	1.1038	0.00
3078371	HDR ENGINEERING	1	20000630	0.00	1.0833	0.00
3078372	STANLEY ENGINEER	1	20000630	0.00	1.0833	0.00
3078373	ROOFING	8370	20000630	107,690.01	1.0833	116,660.59
3078374	LIGHTNING PROTEC	1	20000630	19,754.23	1.0833	21,399.76
3078375	CONDUIT	1932	20000630	53,734.44	1.0833	58,210.52
3078376	CONDUCTOR	1932	20000630	53,734.44	1.0833	58,210.52
3078377	LIGHTING FIXTURE	1	20000630	29,631.33	1.0833	32,099.62
3078378	LIGHTING PANEL	2	20000630	3,980.32	1.0833	4,311.88
3078379	CABINET	2	20000630	23,734.55	1.0833	25,711.64
3078380	TRANSFORMER	2	20000630	37,813.12	1.0833	40,962.95
3078381	EQUALIZATION PON	1	20000630	146,903.62	1.0833	159,140.69
3078382	GRADING	1	20000630	32,948.28	1.0833	35,692.87
3078383	SURFACING	2400	20000630	46,289.75	1.0833	50,145.69
3078384	DRIVEWAY	1	20000630	1,695.33	1.0833	1,836.55
3078385	FENCE	690	20000630	15,479.06	1.0833	16,768.47
3078386	MANHOLE	5	20000630	14,741.95	1.0833	15,969.95
3078387	COURIER CONST IN	1	20000630	0.00	1.0833	0.00
3078199	GRADING/EARTHWOR	1	20000930	351,359.67	1.0354	363,797.80
3119015	REHABILITATE 30	1	20010731	175.87	1.0000	175.87
3119016	INGERSOL-RAND CO	1	20010731	1,971.18	1.0000	1,971.18
3119017	REPAIR INNER JOI	1	20010731	1,142.24	1.0000	1,142.24
3119018	MILTON ROY #RA12	1	20010731	1,143.50	1.0000	1,143.50
3119019	PUMP	1	20010731	1,870.94	1.0000	1,870.94
Total for class T39000:				1,196,115.73		1,283,528.55
Asset Class: T39100	Office Furniture and Equipment					
1678377	DESK	1	19880401	1,022.52	1.4624	1,495.33
1678643	CABINET	0	19890315	648.14	1.4096	913.62
1679687	VCR	1	19940215	250.50	1.2580	315.13
1680101	MISC OFFICE EQUI	1	19940615	39.68	1.2580	49.92
1680102	CHAIR	0	19951215	175.21	1.1939	209.18
1680103	DESK	1	19951215	325.10	1.1939	388.14
1680396	BOOKCASE	3	19961215	553.70	1.1700	647.83
1680625	FAX MACHINE	1	19971215	469.95	1.1471	539.08

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Company Code: 4005 Business Area: 4507 Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
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Asset Class: T39100 Office Furniture and Equipment

1680626	BOOKCASE	1	19971215	85.11	1.1471	97.63
1680627	CHAIR	3	19971215	498.14	1.1471	571.42
1680628	CHAIR	0	19971215	1,180.77	1.1471	1,354.46
1680629	DESK	1	19971215	1,935.46	1.1471	2,220.17
1680630	DIVIDER	2	19971215	5,219.05	1.1471	5,986.77
1680631	FILE	4	19971215	788.54	1.1471	904.53
1680632	TABLE	2	19971215	284.83	1.1471	326.73
1680633	COMPUTER EQUIPME	4	19971215	7,575.00	1.1471	8,689.28
1680761	COMPUTER EQUIPME	0	19980115	2,094.61	1.1360	2,379.48
1680764	COMPUTER CABINET	2	19980115	117,844.53	1.1360	133,871.39
1784564	DUPLICATING MACH	1	19990215	1,723.00	1.1038	1,901.85

Total for class T39100:

142,713.84

Asset Class: T39110 Computer Equipment

1678381	COMPUTER SFTW PR	2	19880401	790.04	1.4624	1,155.35
3081747	Property Specifi	1	20000720	33,277.24	1.0354	34,455.25
3081747	Property Specifi	0	19981231	0.00	1.1250	0.00

Total for class T39110:

34,067.28

Asset Class: T39200 Transportation Equipment

1679146	MACK SLUDGE TRUC	1	19920615	54,689.00	1.3765	75,279.41
1680109	BOAT	1	19951215	831.53	1.1939	992.76
3094749	2001 KAWASAKI MU	1	20001231	29,327.61	1.0354	30,365.81
3129010	2001 CHEVY * TON	1	20011017	17,852.98	1.0000	17,852.98
3134483	2001 FORD F550 B	1	20011130	123,388.25	1.0000	123,388.25
3094750	2001 KAWASAKI MU	1	20011130	8,661.91	1.0000	8,661.91

Total for class T39200:

234,751.28

Asset Class: T39300 Stores Equipment

1677447	WEIGHING EQUIPME	1	19820101	60.00	1.7206	103.24
1677612	SHELVING OF BINS	2	19840101	198.00	1.6028	317.35
1679385	CRANE	1	19930215	623.00	1.3146	819.00
1680111	LOCKER	1	19951215	55.95	1.1939	66.80
1680398	TOOL CRIB	1	19961215	4,522.89	1.1700	5,291.78
1680399	TOOL CRIB	1	19970115	3,633.13	1.1471	4,167.56
1680636	COUNTER	0	19971215	66.09	1.1471	75.81

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Company Code: 4005 Business Area: 4507 Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T39300	Stores Equipment					
1680637	HOIST	1	19971215	2,110.65	1.1471	2,421.13
				11,269.71		13,262.67
	Total for class T39300:					
Asset Class: T39400	Tools, Shop and Garage					
1677369	TORCH BURNER EQU	1	19810101	246.00	1.7464	429.61
1677370	LADDER	1	19810101	135.00	1.7464	235.76
1677509	PUMP PORTABLE	1	19830101	101.00	1.6480	166.45
1678267	GRINDER	1	19871001	122.00	1.4810	180.68
1678269	AIR COMPRESSOR E	0	19871001	3,292.25	1.4810	4,875.82
1678398	PUMP PORTABLE	1	19880701	803.97	1.4267	1,147.02
1678400	LADDER	2	19880701	98.66	1.4267	140.76
1678415	GENERATOR	1	19880701	409.73	1.4267	584.56
1678812	LADDER	1	19900315	272.05	1.3930	378.97
1679153	GAUGE MEASURE AN	1	19920415	1,180.00	1.3765	1,624.27
1679149	LANTERN PORTABLE	3	19920615	179.22	1.3765	246.70
1679155	GAS ANALYCER EQU	1	19920615	623.00	1.3765	857.56
1679156	HIGH PRESSURE HO	0	19920615	353.10	1.3765	486.04
1679159	GRINDER	1	19920615	635.90	1.3765	875.32
1679157	TORCH BURNER EQU	1	19920915	1,440.00	1.3448	1,936.51
1679392	FLUKE METER	1	19930215	234.54	1.3146	308.33
1679395	GRINDER	0	19930215	116.25	1.3146	152.82
1679390	GAS ANALYCER EQU	1	19930615	2,444.00	1.3146	3,212.88
1679662	SAFETY SIGNS	1	19940215	59.70	1.2580	75.10
1679667	STEAM CLEANER PO	1	19940215	40.15	1.2580	50.51
1679668	PAD LOCK	7	19940215	92.24	1.2580	116.04
1679669	HOSE	1	19940215	143.24	1.2580	180.20
1679670	SMALL TOOLS UNDE	14	19940215	521.38	1.2580	655.90
1679678	KEY	4	19940215	184.52	1.2580	232.13
1679681	LADDER	1	19940215	274.61	1.2580	345.46
1679672	SMALL TOOLS UNDE	1	19950115	11.00	1.2061	13.27
1680112	GAS MASK	1	19951215	207.95	1.1939	248.27
1680113	METER TESTING AP	0	19951215	1,518.41	1.1939	1,812.83
1680114	SMALL TOOLS UNDE	16	19951215	961.54	1.1939	1,147.98
1680115	MOTOR	1	19951215	414.88	1.1939	495.33
1680116	PRECISION OUTFIT	4	19951215	616.08	1.1939	735.54

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Company Code: 4005		Business Area: 4507		Sun City West Wastewater		
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T39400 Tools, Shop and Garage						
1680117	PUMP PORTABLE	1	19951215	118.48	1.1939	141.45
1680118	MECHANICAL TOOL	9	19951215	276.86	1.1939	330.54
1680119	GRINDER	1	19951215	81.07	1.1939	96.79
1680402	BODY HARNES & TR	1	19960615	2,730.83	1.1818	3,227.29
1680401	SAFETY VEST	18	19961215	94.20	1.1700	110.21
1680403	AMMETER	1	19961215	337.59	1.1700	394.98
1680404	GAUGE MEASURE AN	1	19961215	91.16	1.1700	106.66
1680405	GAUGE MEASURE AN	2	19961215	365.32	1.1700	427.42
1680407	PIPE THREAD AND	0	19961215	78.08	1.1700	91.35
1680646	HAND TOOLS	3	19970115	4,698.69	1.1471	5,389.87
1680639	ENGINE	1	19970715	5,729.93	1.1471	6,572.80
1680640	GAUGE	0	19971215	81.34	1.1471	93.31
1680641	SMALL TOOLS UNDE	9	19971215	1,208.12	1.1471	1,385.83
1680642	SMALL TOOLS UNDE	1	19971215	196.75	1.1471	225.69
1680643	PIPE THREAD AND	1	19971215	558.77	1.1471	640.97
1680644	MECHANICAL TOOL	1	19971215	418.74	1.1471	480.34
1680645	WISE	1	19971215	407.63	1.1471	467.59
1680647	HAND TOOLS	1	19971215	122.14	1.1471	140.11
1680648	HAND TOOLS	2	19971215	106.91	1.1471	122.64
1680765	PORTABLE SYSTEM	0	19981115	3,603.23	1.1250	4,053.63
1680766	PORTABLE SYSTEM	0	19981115	90.31	1.1250	101.60
1680767	FORGE	0	19981115	304.23	1.1250	342.26
1680768	SMALL TOOLS UNDE	7	19981215	743.40	1.1250	836.33
1680769	SMALL TOOLS UNDE	1	19981215	37.05	1.1250	41.68
1680770	PUMP PORTABLE	2	19981215	746.47	1.1250	839.78
1680771	PNEUMATIC TOOL	1	19981215	387.86	1.1250	436.34
3057752	PRESSURE RECORDER	1	19991231	2,482.97	1.1038	2,740.70
3057753	PORTABLE PUMP	1	19991231	783.30	1.1038	864.61
3057754	WELDING SET	1	19991231	3,926.55	1.1038	4,334.13
3057810	CRANE HOIST	1	19991231	88.46	1.1038	97.64
3057811	DRILLING MACHINE	1	19991231	270.69	1.1038	298.79
3057812	STOCK & DIE SET	1	19991231	337.55	1.1038	372.59
3057813	SMALL TOOLS	1	19991231	1,640.17	1.1038	1,810.42
3057814	MECHANICAL TOOL	1	19991231	1,408.95	1.1038	1,555.20
3057815	WISE	1	19991231	1,297.19	1.1038	1,431.84

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Company Code: 4005		Business Area: 4507		Sun City West Wastewater			
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost	
Asset Class: T39400		Tools, Shop and Garage					
3129026	Portable Dewater	2	20011017	2,786.23	1.0000	2,786.23	
3129027	Drill Press (PO	1	20011017	1,377.23	1.0000	1,377.23	
3129028	Hydraulic Press	1	20011017	1,143.46	1.0000	1,143.46	
3129029	Concrete Mixer	1	20011017	1,691.05	1.0000	1,691.05	
3129030	Chop Saw	1	20011017	1,345.47	1.0000	1,345.47	
3129031	Stroboscope	1	20011017	680.99	1.0000	680.99	
3129032	DC Power Supply	1	20011017	728.00	1.0000	728.00	
3129033	Reflectometer (P	1	20011017	2,952.66	1.0000	2,952.66	
3129034	Pressure Washer	1	20011031	1,352.70	1.0000	1,352.70	
3129238	PIPE HUNTER MODE	1	20011031	35,974.32	1.0000	35,974.32	
Total for class T39400:				103,615.47		114,584.11	
Asset Class: T39500		Laboratory Equipment					
1677284	ASPIRATOR EACH	1	19800701	20.00	1.8282	36.56	
1677285	BOD PROBE EACH	1	19800701	308.00	1.8282	563.09	
1677288	DISSOLVED OXYGEN	1	19800701	325.00	1.8282	594.17	
1677289	INCUBATOR EACH	1	19800701	1,498.00	1.8282	2,738.64	
1677290	OVEN EACH	1	19800701	894.00	1.8282	1,634.41	
1677293	TEST TUBES EACH	1	19800701	208.00	1.8282	380.27	
1677919	DISSOLVED OXYGEN	1	19860101	509.00	1.5195	773.43	
1677922	VOLTMETER	2	19860101	88.00	1.5195	133.72	
1678404	OXYGEN MASK AND	0	19880701	464.79	1.4267	663.12	
1678972	PH METER	1	19910915	527.00	1.3605	716.98	
1679161	STOP WATCH EACH	0	19921115	69.96	1.3448	94.08	
1679162	THERMOMETER EACH	0	19921115	5.93	1.3448	7.97	
1679163	MISC LAB EQUIP U	1	19921115	333.11	1.3448	447.97	
1679399	PH METER	2	19931015	108.00	1.2857	138.86	
1679682	PLASTIC TUBING	2	19940315	151.48	1.2580	190.56	
1679686	MISC LAB EQUIP U	8	19940315	559.06	1.2580	703.30	
1679688	IRON METER	2	19940315	242.60	1.2580	305.19	
1680121	ASPIRATOR	0	19950115	26.00	1.2061	31.36	
1680120	METER TESTING EQ	0	19951215	33.20	1.1939	39.64	
1680122	DISSOLVED OXYGEN	1	19951215	246.45	1.1939	294.24	
1680124	TEST TUBES	1	19951215	270.71	1.1939	323.20	
1680125	MISC LAB EQUIP U	9	19951215	317.95	1.1939	379.60	

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Company Code: 4005		Business Area: 4507		Sun City West Wastewater		
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T39500 Laboratory Equipment						
1680126	ION METER	0	19951215	403.51	1.1939	481.75
1680127	CRUCIBLE PORCELE	1	19951215	139.18	1.1939	166.17
1680413	ASPIRATOR	1	19961215	13,115.75	1.1700	15,345.43
1680414	BOD PROBE	1	19961215	250.23	1.1700	292.77
1680415	DISSOLVED OXYGEN	0	19961215	1,643.55	1.1700	1,922.95
1680416	MISC LAB EQUIP U	1	19961215	240.00	1.1700	280.80
1680658	COMPOSITE SAMPLE	3	19970815	4,475.95	1.1471	5,134.36
1680649	METER TESTING EQ	1	19971215	828.75	1.1471	950.66
1680650	DISSOLVED OXYGEN	1	19971215	1,685.01	1.1471	1,932.87
1680651	DISSOLVED OXYGEN	1	19971215	333.78	1.1471	382.88
1680652	PH METER	1	19971215	1,161.71	1.1471	1,332.60
1680653	RAIN GAUGE	1	19971215	359.87	1.1471	412.81
1680654	SCALE	1	19971215	1,707.45	1.1471	1,958.62
3057730	TEST KIT	8	19991231	658.13	1.1038	726.44
3057731	MISC LAB EQUIP <	2	19991231	193.76	1.1038	213.87
3057732	PH METER	2	19991231	103.56	1.1038	114.31
3057733	SPECTROPHOTO MET	1	19991231	1,509.33	1.1038	1,666.00
3057734	TURBIDOMETER	1	19991231	6,449.69	1.1038	7,119.17
3057735	ASPIRATOR	1	19991231	467.70	1.1038	516.25
3057736	BURET	1	19991231	217.15	1.1038	239.69
3057737	METAL LAB FURNIT	1	19991231	307.35	1.1038	339.25
3057738	CENTRIFUGE	1	19991231	569.60	1.1038	628.72
3057739	PLASTIC TUBING	1	19991231	16.70	1.1038	18.43
3057740	DESICCATOR	1	19991231	1,483.76	1.1038	1,637.77
3057741	COLONY COUNTER	1	19991231	1,379.44	1.1038	1,522.63
3057742	TESTING MACHINE	1	19991231	546.21	1.1038	602.91
3057743	THERMOMETER	2	19991231	91.87	1.1038	101.41
3057744	MISC LAB EQUIPME	1	19991231	60.13	1.1038	66.37
3057745	MISC. LAB EQUIPM	1	19991231	138.64	1.1038	153.03
3057746	ION METER	2	19991231	210.47	1.1038	232.32
3057747	CHLORINE ELECTRO	2	19991231	71.83	1.1038	79.29
3091363	Oxygen Meter (Ga	1	20001130	1,257.92	1.0354	1,302.45
3091364	Lab Drying Oven	1	20001130	1,569.78	1.0354	1,625.35
3117984	CHLORIDE REMOVAL	1	20010731	122.89	1.0000	122.89
3117985	COD REACTOR - #4	1	20010731	568.53	1.0000	568.53

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Plant at 12/31/2001

Company Code: 4005 Business Area: 4507 Sun City West Wastewater

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T39500 Laboratory Equipment						
3117986	DRUMMOND PORTABL	1	20010731	326.70	1.0000	326.70
3117987	GAST VACUUM/PRES	1	20010731	260.39	1.0000	260.39
3117988	HOMOGENIZING BLE	1	20010731	116.81	1.0000	116.81
3117989	MAGNETIC FILTER	3	20010731	456.29	1.0000	456.29
3117990	MANGANESE COD VI	1	20010731	185.86	1.0000	185.86
3117991	REPLACEMENT FILT	1	20010731	25.55	1.0000	25.55
3117992	SAFETY SHEILD -	1	20010731	271.03	1.0000	271.03
3117993	TEST TUBE RACK -	1	20010731	32.85	1.0000	32.85
3117994	VACUUM PRETREATM	1	20010731	100.99	1.0000	100.99
3117995	YSI SELF-STIRRIN	1	20010731	574.01	1.0000	574.01
3129015	Lab Spectophotom	1	20011017	21.35	1.0000	21.35
3129016	ODYSSEY DR/2500	1	20011017	2,490.56	1.0000	2,490.56
Total for class T39500:				56,407.81		66,244.50
Asset Class: T39600 Power Operated Equipment						
1680128	ROTOTELLER	1	19951215	3,984.22	1.1939	4,756.76
3093598	Roenig 5 shank 3	1	20001231	8,970.43	1.0354	9,287.98
Total for class T39600:				12,954.65		14,044.74
Asset Class: T39700 Communication Equipment						
1677372	CARRIER CRRNT TR	1	19810101	265.00	1.7464	462.80
1679166	TELEPHONE INSTRU	1	19920615	50.51	1.3765	69.53
1679692	TOWAY RADIO	2	19940215	18.45	1.2580	23.21
1679693	TESTING INSTRUME	1	19940215	461.52	1.2580	580.59
1679694	TESTING INSTRUME	1	19940215	299.31	1.2580	376.53
1680655	TELEPHONE INSTRU	6	19971015	5,056.34	1.1471	5,800.13
1680656	TESTING INSTRUME	1	19971215	922.66	1.1471	1,058.38
1680657	CAMERA	1	19971215	52.30	1.1471	59.99
1680773	ALARM SYSTEM SOF	2	19980115	7,568.35	1.1360	8,597.65
1680774	ELECTRICAL CONDU	3056	19980115	39,395.32	1.1360	44,753.08
1680775	ELECTRICAL CONDU	3056	19980115	48,307.69	1.1360	54,877.54
1680776	SCADA SOFTWARE	2	19980115	31,287.56	1.1360	35,542.67
1680777	MONITORING SOFTW	4	19980115	5,505.47	1.1360	6,254.21
1680778	OPERATING SYSTEM	2	19980115	5,975.77	1.1360	6,788.47
1680779	PERSONAL COMPUTE	2	19980115	23,665.71	1.1360	26,884.25
1680780	PLC ASSEMBLY	1	19980115	68,346.92	1.1360	77,642.10

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Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: T39700 Communication Equipment						
1680781	PLC SOFTWARE	1	19980115	13,084.94	1.1360	14,864.49
1680782	PROGRAMABLE LOGI	1	19980115	62,785.74	1.1360	71,324.60
1680783	UNINTERUPTIBLE P	2	19980115	5,757.33	1.1360	6,540.33
Total for class T39700:				318,806.89		362,500.55
Asset Class: T39800 Miscellaneous Equipment						
1677295	INFIRMARY EQUIPM	1	19800701	49.00	1.8282	89.58
1677297	MAP EACH	11	19800701	3,636.00	1.8282	6,647.34
1677374	MAP EACH	1	19810101	151.00	1.7464	263.71
1677375	SIGN	2	19810101	601.00	1.7464	1,049.59
1677449	MAP EACH	1	19820101	353.00	1.7206	607.37
1677511	REFRIGERATOR	1	19830101	263.00	1.6480	433.42
1677616	SIGN	7	19840101	80.00	1.6028	128.22
1677923	SAFETY HARNESS B	1	19860101	80.00	1.5195	121.56
1677924	EYEWASH STATION	1	19860101	1,663.00	1.5195	2,526.93
1677925	RING BUOY LIFE P	2	19860101	81.00	1.5195	123.08
1678273	FIRE HOSE EACH	2	19871001	265.00	1.4810	392.47
1678276	SIGN	40	19871001	1,064.92	1.4810	1,577.15
1678408	SYSTEM MAPS LOT	2	19881001	1,347.00	1.4267	1,921.76
1678413	TIME RECORDER	1	19881001	880.77	1.4267	1,256.59
1678414	SIGN	2	19881001	190.78	1.4267	272.19
1678416	RING BUOY LIFE P	2	19881001	91.31	1.4267	130.27
1678654	KITCHEN EQUIPT E	0	19890315	270.06	1.4096	380.68
1678814	KITCHEN EQUIPT E	1	19900315	459.14	1.3930	639.58
1678977	SYSTEM MAPS LOT	26	19911215	12,748.00	1.3605	17,343.65
1679167	LOCKS PADLOCKS D	0	19920615	381.70	1.3765	525.41
1679168	FIRE HOSE EACH	1	19920615	176.01	1.3765	242.28
1679398	OXYGEN MASK AND	2	19930215	1,046.19	1.3146	1,375.32
1679403	FIRE HOSE EACH	1	19930215	816.81	1.3146	1,073.78
1679696	SIGN	2	19940215	92.90	1.2580	116.87
1680660	MAP	0	19971215	19,429.40	1.1471	22,287.46
1680772	LEATHER SAFETY G	1	19981215	1,233.16	1.1250	1,387.31
1680785	SYSTEM MAPS	3	19981215	22,800.00	1.1250	25,650.00
Total for class T39800:				70,250.15		88,563.57

10/11/2002

RCN Asset Listing
Plant at 12/31/2001

Exhibit
Schedule B-4
Page 4 - 47
Witness: Bourassa

Total for company 4005:

39,775,540.83

Report Total:

39,775,540.83

Source: Czn2002az_1_2

59,511,482.97

59,511,482.97

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Computation of Working Capital

Exhibit
Schedule B-5
Page 1
Witness: Bourassa

Line
No.

1	Cash Working Capital (1/8 of Allowance	
2	Operation and Maintenance Expense)	\$ 213,714
3	Pumping Power (1/24 of Pumping Power)	3,809
4	Material and Supplies Inventories	-
5	Prepayments	20
6		-
7		
8	Total Working Capital Allowance	<u>\$ 217,543</u>
9		
10		
11	Working Capital Requested	<u>\$ -</u>
12		
13		
14	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
15	E-1	B-1
16		

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Book Results	Label	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues						
2	Flat Rate Revenues	\$ 3,523,632	11	11,046	\$ 3,534,678	1,963,624	\$ 5,498,302
3		-			-		-
4	Other Wastewater Revenues	1,002			1,002		1,002
5		<u>\$ 3,524,634</u>		<u>\$ 11,046</u>	<u>\$ 3,535,680</u>	<u>\$ 1,963,624</u>	<u>\$ 5,499,304</u>
6	Operating Expenses						
7	Salaries and Wages	\$ 673,037	2a,4a,10a	(65,733)	\$ 607,304		\$ 607,304
8	Purchased Wastewater Treatment	-			-		-
9	Purchased Power	1,362	1b,15	64	1,426		1,426
10	Fuel for Power Production	-			-		-
11	Chemicals	378,927	1c	(3,863)	375,064		375,064
12	Materials and Supplies	395,088	1d	(2,882)	392,206		392,206
13	Repairs and Maintenance	-			-		-
14	Office Supplies and Expense	-	1e,10b	136,282	136,282		136,282
15	Outside Services	(2,293)	1f	(11,712)	(14,005)		(14,005)
16	Service Company Charges	-	3	552,478	552,478		552,478
17	Water Testing	-			-		-
18	Rents	76,681	1g,12	14,729	91,410		91,410
19	Transportation Expenses	-			-		-
20	Insurance - General Liability	45,262	1h,10c	(21,075)	24,187		24,187
21	Insurance - Health and Life	-			-		-
22	Regulatory Commission Expense - Rate Case	6,513	8	16,822	23,335		23,335
23	Miscellaneous Expense	617,721	1i,10d	(374,587)	243,134		243,134
24	Depreciation Expense	1,760,692	5	(328,427)	1,432,265		1,432,265
25	Taxes Other Than Income	67,189	1a,2b,4b	(30,936)	36,253		36,253
26	Property Taxes	-	6	168,501	168,501		168,501
27	Income Tax	-			(369,763)		388,174
28		-			-		-
29	Total Operating Expenses	<u>\$ 4,020,179</u>		<u>\$ 49,663</u>	<u>\$ 3,700,079</u>	<u>\$ -</u>	<u>\$ 4,458,016</u>
30	Operating Income	<u>\$ (495,545)</u>		<u>\$ (38,617)</u>	<u>\$ (164,399)</u>	<u>\$ 1,963,624</u>	<u>\$ 1,041,288</u>
31	Other Income (Expense)						
32	Interest Income	-			-		-
33	Other income	-	13a	-	-		-
34	Interest Expense	-	7	(423,801)	(423,801)		(423,801)
35	Other Expense	(3,592)	13b	3,592	-		-
36	Gain/Loss Sale of Fixed Assets	-			-		-
37	Total Other Income (Expense)	<u>\$ (3,592)</u>		<u>\$ (420,209)</u>	<u>\$ (423,801)</u>	<u>\$ -</u>	<u>\$ (423,801)</u>
38	Net Profit (Loss)	<u>\$ (499,137)</u>		<u>\$ (458,827)</u>	<u>\$ (588,200)</u>	<u>\$ 1,963,624</u>	<u>\$ 617,487</u>

SUPPORTING SCHEDULES:

C-2

E-2

RECAP SCHEDULES:

A-1

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses

Exhibit
Schedule C-2
Page 1
Witness: Bourassa

Line No.	<u>Adjustments to Revenues and Expenses</u>						<u>Subtotal</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	
	<u>Remove Citizens Corp. Allocations</u>	<u>Remove T.Y. Salaries & Wages</u>	<u>Service Company Charges</u>	<u>Projected Salaries & Wages</u>	<u>Depreciation Expense</u>	<u>Property Taxes</u>	
3	Revenues						
5	Expenses	(448,091)	(740,226)	552,478	481,323	(328,427)	168,501
7	Operating Income	448,091	740,226	(552,478)	(481,323)	328,427	(168,501)
10	Interest Expense						
12	Other Income / Expense						
16	Net Income	448,091	740,226	(552,478)	(481,323)	328,427	(168,501)
17							314,442
18							
19							
20	<u>Adjustments to Revenues and Expenses</u>						<u>Subtotal</u>
21	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	
22	<u>Interest Exp, Synch. W/ Rate Base</u>	<u>Rate Case Expense</u>	<u>INTENTIONALLY LEFT BLANK</u>	<u>Projected Additional Expenses</u>	<u>Revenue Annualization</u>	<u>Corporate Office Lease</u>	
23	Revenues				11,046		11,046
25	Expenses	16,822	-	332,507		14,729	49,616
27	Operating Income	-	(16,822)	-	(332,507)	11,046	(14,729)
30	Interest Expense	(423,801)					
32	Other Income / Expense						
36	Net Income	(423,801)	(16,822)	-	(332,507)	11,046	(14,729)
37							(462,371)
38							
39	<u>Adjustments to Revenues and Expenses</u>						<u>Total</u>
40	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	
41	<u>Remove Other Revenues/Expenses</u>	<u>INTENTIONALLY LEFT BLANK</u>	<u>Power Costs Adjustment</u>				
43	Revenues						11,046
45	Expenses	-	47				49,663
47	Operating Income	-	-	(47)	-	-	-
50	Interest Expense						
52	Other Income / Expense	3,592					
56	Net Income	3,592	-	(47)	-	-	-
							(458,827)

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 1a-1i

Exhibit
Schedule C-2
Page 2
Witness: Bourassa

Line
No.

1 Remove Citizen's Corporate Allocations

2

3	<u>Account</u>	<u>Description</u>	<u>Amount</u>	<u>Adjustment Label</u>
4	408	Taxes Other Than Income		1a
5	715	Purchased Power	17	1b
6	718	Chemicals	(3,863)	1c
7	720	Materials and Supplies	(2,882)	1d
8	721	Office Supplies	(9,821)	1e
9	730	Outside Services	(11,712)	1f
10	740	Rents	-	1g
11	755	Insurance Expense	(44,325)	1h
12	775	Miscellaneous Expense	(375,507)	1i
13	Total Adjustments		<u>(448,091)</u>	
14				
15	Adjustment to Revenues and/or Expenses		<u>(448,091)</u>	
16				
17				
18				
19				

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment 2

Exhibit
Schedule C-2
Page 3
Witness: Bourassa

Line
No.

1 Remove Test Year Salaries & Wages and Related Expenses

2

3	<u>Account</u>	<u>Description</u>	<u>Amount</u>	<u>Adjustment Label</u>
4	601	Salaries & Wages	(673,037)	2a
5	408	Payroll Taxes	(67,189)	2b

6

7

8

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12

13 Total Adjustments

(740,226)

14

15 Adjustment to Revenues and/or Expenses

(740,226)

16

17

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19

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Bourassa

Line

No.

1 Service Company Charges

2

3 Total Service Charges \$ 5,153,711

4 Allocation Factor (4 Factor Formula) 0.1072

5 Total Charges \$ 552,478

6

7

8

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12

13 Adjustment to Revenues and/or Expenses \$ 552,478

14

15

16

17

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 4

Exhibit
Schedule C-2
Page 5
Witness: Bourassa

Line
No.

1 Projected Salaries & Wages and Related Expenses

2

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4

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17

<u>Account</u>	<u>Description</u>	<u>Amount</u>	<u>Adjustment Label</u>
601	Salaries & Wages	\$ 445,070	4a
408	Payroll Taxes	36,253	4b

Total \$ 481,323

Adjustment to Revenues and/or Expenses \$ 481,323

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 5

Exhibit
Schedule C-2
Page 6
Witness: Bourassa

Line
No.

Depreciation Expense

Account No.	Description	Original Cost	Rate	Depreciation Expense
301.00	Intangible Organization	\$ 4,078	0.00%	\$ -
302.00	Franchises	1,372	0.00%	-
303.00	Miscellaneous Intangibles	5,184	0.00%	-
	Subtotal Intangible	\$ 10,634		\$ -
310.00	Treatment & Discharge			
311.00	Land and Land Rights	\$ 542,319	0.00%	\$ -
312.00	Structures and Improvements	2,695,860	5.00%	134,793
313.00	Preliminary Treatment	1,068,943	5.00%	53,447
314.00	Primary Treatment Equipment	1,084,172	5.00%	54,209
315.00	Secondary Treatment Equipment	5,714,476	5.00%	285,724
316.00	Tertiary Equipment	4,751,190	5.00%	237,559
317.00	Disinfection Equipment	245,070	5.00%	12,253
318.00	Effluent Lift Station E	1,004,341	8.40%	84,365
319.00	Outfall Line	94,680	5.00%	4,734
320.00	Sludge, Treatment & Distribution	1,337,304	5.00%	66,865
321.00	Influent Lift Station	91,546	8.40%	7,690
322.00	General Treatment Equipment	902,060	5.00%	45,103
	Subtotal Treatment & Discharge	\$ 19,531,960		\$ 986,742
340.00	Collection and Influent			
341.00	Land and Land Rights	\$ 20,747	0.00%	\$ -
342.00	Structures and Improvements	299,361	1.67%	4,999
343.00	Collection System Lift	1,356,167	8.40%	113,918
344.00	Collection Mains	9,788,254	2.04%	199,680
345.00	Force Mains	752,939	2.07%	15,586
346.00	Discharge Services	2,645,161	2.04%	53,961
347.00	Manholes	3,189,365	2.03%	64,744
	Subtotal Collection and Influent	\$ 18,051,994		\$ 452,889
389.00	General			
390.00	Land and Land Rights	\$ 780	0.00%	\$ -
391.00	Structures and Improvements	535,503	1.68%	9,000
392.00	Office Furniture and Equipment	159,515	4.55%	7,250
393.00	Computer Equipment	228,379	4.55%	10,380
394.00	Transportation Equipment	287,389	25.00%	71,847
395.00	Stores Equipment	4,593	3.92%	180
396.00	Tools, Shop and Garage	65,723	4.14%	2,718
397.00	Laboratory Equipment	20,819	3.71%	772
398.00	Power Operated Equipment	19,239	5.14%	990
399.00	Communication Equipment	92,335	10.28%	9,490
400.00	Miscellaneous Equipment	44,306	4.98%	2,206
	Subtotal General	\$ 1,458,580		\$ 114,834
	ADFUC adjustment 3/95 **	(242,717)	3.84%	(9,317)
	TOTALS	\$ 38,810,451		\$ 1,545,149
55	Proforma Plant (to be completed by 12/31/2002)	\$ 291,361	3.84%	11,184
57	Amortization of Citizens Acquisition Adjustment (C-2, Page 6a)			21,800
58	Amortization of Deferred Regulatory Assets	\$ -	3.84%	-
60	Less: Amotization of Contributions	\$ 1,458,672	10.0000%	(145,867)
62	Total Depreciation Expense			\$ 1,432,265
64	Test Year Depreciation Expense			1,760,692
66	Increase (decrease) in Depreciation Expense			(328,427)
68	Adjustment to Revenues and/or Expenses			\$ (328,427)

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Citizens Acquisition Adjustment
Amortization Schedule

Exhibit
Schedule C-2
Page 6a
Witness: Bourassa

Line
No.

1
2 Acquisition Adjustment \$ 10,401,376
3 Annual Rate (Cost of Capital) 10.64%
4 Term (years) 40
5
6

<u>Year</u>	<u>Principal Reduction</u>	<u>Balance</u>
1	\$ 19,700	10,381,676
2	21,800	10,359,876
3	24,200	10,335,676
4	26,700	10,308,976
5	29,600	10,279,376
6	32,700	10,246,676
7	36,200	10,210,476
8	40,100	10,170,376
9	44,300	10,126,076
10	49,000	10,077,076
11	54,200	10,022,876
12	60,000	9,962,876
13	66,400	9,896,476
14	73,500	9,822,976
15	81,300	9,741,676
16	89,900	9,651,776
17	99,500	9,552,276
18	110,100	9,442,176
19	121,800	9,320,376
20	134,800	9,185,576
21	149,100	9,036,476
22	165,000	8,871,476
23	182,500	8,688,976
24	201,900	8,487,076
25	223,400	8,263,676
26	247,200	8,016,476
27	273,500	7,742,976
28	302,600	7,440,376
29	334,800	7,105,576
30	370,400	6,735,176
31	409,800	6,325,376
32	453,400	5,871,976
33	501,700	5,370,276
34	555,000	4,815,276
35	614,100	4,201,176
36	679,400	3,521,776
37	751,700	2,770,076
38	831,700	1,938,376
39	920,200	1,018,176
40	1,018,100	76

Principal
Reduction
21,800

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 6

Exhibit
Schedule C-2
Page 7
Witness: Bourassa

Line
No.

1 Property Taxes

2

3 Revenues in year ended 12/31/01 \$ 3,524,634

4 Adjusted Revenues in year ended 12/31/01 3,535,680

5 Proposed Revenues 5,499,304

6 Average of three year's of revenue \$4,186,540

7 Average of three year's of revenue, times 2 \$8,373,079

8 Add:

9 Construction Work in Progress at 10%

10 Deduct:

11 Book Value of Transportation Equipment 287,389

12 Book Value of Transportation Equipment (proforma) -

13 Book Value of Transportation Equipment \$ 287,389

14

15 Full Cash Value \$ 8,085,690

16 Assessment Ratio 25%

17 Assessed Value 2,021,423

18 Property Tax Rate 8.335765%

19

20 Property Tax 168,501

21 Tax on Parcels 0

22

23 Total Property Tax at Proposed Rates \$ 168,501

24 Property Taxes in the test year 0

25 Change in Property Taxes \$ 168,501

26

27

28 Adjustment to Revenues and/or Expenses \$ 168,501

29

30

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 7

Exhibit
Schedule C-2
Page 8
Witness: Bourassa

Line
No.

1 Interest Synchronization with Rate Base

2

3 Fair Value Rate Base

\$13,455,978

4 Weighted Cost of Debt from Schedule D-1

3.15%

5 Synchronized Interest Expense

423,801

6 Test Year Interest Expense, Per Books

0

7 Increase in Interest Expense

\$ 423,801

8

9 Adjustment to Revenues and/or Expense

(423,801)

10

11

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 8

Exhibit
Schedule C-2
Page 9
Witness: Bourassa

Line

No.

1	<u>Rate Case Expense</u>	
2		
3	Estimated Rate Case Expense	\$ 70,006
4		
5	Estimated Amortization Period in Years	3
6		
7	Annual Rate Case Expense	<u>\$ 23,335</u>
8		
9	Test Year Rate Case Expense	\$ 6,513
10		
11	Increase(decrease) Rate Case Expense	<u>\$ 16,822</u>
12		
13	Adjustment to Revenue and/or Expense	<u>\$ 16,822</u>
14		
15		
16		

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 9

Exhibit
Schedule C-2
Page 10
Witness: Bourassa

Line

No.

1 Intentionally Left Blank

2

3

4

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8

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10

11

12 Adjustment to Revenue and/or Expense

\$ -

13

14

15

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 10

Exhibit
Schedule C-2
Page 11
Witness: Bourassa

Line No.			Adjustment Label
1	<u>Projected Additional Expenses</u>		
2			
3			
4	Salaries & Wages	\$ 162,234	10a
5	Office Expense	146,103	10b
6	Insurance	23,250	10c
7	Misc Expense	920	10d
8			
9			
10			
11	Adjustment to Revenue and/or Expense	<u>\$ 332,507</u>	
12			
13			
14			
15			

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 11

Exhibit
Schedule C-2
Page 12
Witness: Bourassa

Line
No.

1	<u>Revenue Annualization</u>	
2		
3		
4	Revenue Annualization	\$ 11,046
5		
6		
7		
8	Total Revenue from Annualization	<u>\$ 11,046</u>
9		
10		
11	Adjustment to Revenue and/or Expense	<u>\$ 11,046</u>
12		
13	<u>SUPPORTING SCHEDULES</u>	
14	H1	
15		
16		
17		
18		

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 12

Exhibit
Schedule C-2
Page 13
Witness: Bourassa

Line
No.

1 Coporate Office Lease

2

3

4 New Corporate Office

\$ 14,729

5

6

7

8 Total

\$ 14,729

9

10
11 Adjustment to Revenue and/or Expense

\$ 14,729

12

13

14

15

16

17

18

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 13

Exhibit
Schedule C-2
Page 14
Witness: Bourassa

Line
No.

1 Remove Other Income and Expenses

2

3

4 Test Year Other Income \$ - 13a

5 Test Year Other Expense 3,592 13b

6

7

8 Total \$ 3,592

9

10

11 Adjustment to Revenue and/or Expense \$ 3,592

12

13

14

15

16

17

18

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 14

Exhibit
Schedule C-2
Page 15
Witness: Bourassa

Line
No.

1 Intentionally Left Blank

2

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9

10 Adjustment to Revenue and/or Expense

\$ -

11

12

13

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 15

Exhibit
Schedule C-2
Page 16
Witness: Bourassa

Line
No.

1	<u>Annualize power cost for additional customers from annualization of revenues</u>	
2		
3	Test Year Power Costs (after adjustment1b)	\$ 1,345
4	Number Billings in Test Year	14,027
5	Cost per billing	0.09587
6	Additonal billings from annualization	492
7		
8	Additional Expense	\$ <u>47</u>
9		
10		
11	Adjustment to Revenue and/or Expense	<u>\$ 47</u>
12		
13		
14		

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	31.63%
2		
3	State Income Taxes	6.97%
4		
5	Other Taxes and Expenses	0.00%
6		
7		
8	Total Tax Percentage	38.60%
9		
10	Operating Income % = 100% - Tax Percentage	61.40%
11		
12		
13		
14		
15	$\frac{1}{\text{Operating Income \%}}$ = Gross Revenue Conversion Factor	
16		1.6286
17		

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Summary of Cost of Capital

Exhibit
Schedule D-1
Page 1
Witness: Stephenson

		<u>End of Test Year</u>		<u>End of Projected Year</u>			
Line No.	<u>Item of Capital</u>	Percent of Total	Cost Rate (a)	Weighted Cost	Percent of Total	Cost Rate (a)	Weighted Cost
1	Long-Term Debt	59.89%		3.04%	60.00%		3.15%
2							
3	Stockholder's Equity (c)	40.11%	11.50%	4.61%	40.00%	11.50%	4.60%
4							
5	Totals	100.00%		7.65%	100.00%		7.75% (b)

(a) See D-2
(b) Used on A-1
SUPPORTING SCHEDULES:

D-1
D-3
D-4
E-1

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Arizona American - Sun City West Wastewater
 Test Year Ended December 31, 2001
 Cost of Long Term Debt

Exhibit
 Schedule D-2
 Page 1
 Witness: Stephenson

Line No.	Description of Debt	<u>End of Test Year</u>		<u>End of Projected Year</u>	
		<u>Percent</u>	<u>Interest Rate</u>	<u>Percent</u>	<u>Interest Rate</u>
					<u>Composite Cost</u>
1					
2	Long-Term Debt	56.04%	4.92%	52.26%	4.92%
3	Long-Term Debt	3.85%	7.30%	3.85%	7.30%
4	Long-Term Debt	0.00%	0.00%	3.89%	7.60%
5			0.00%		0.30%
6					
7					
8					
9					
10	Totals	<u>59.89%</u>		<u>60.00%</u>	<u>3.15%</u>
11					
12	<u>Supporting Schedules:</u>				
13					
14					
15					
16					
17					
18					

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Stephenson

Line No.	Description of Issue	<u>End of Test Year</u>		<u>End of Projected Year</u>		
		Shares Outstanding	Dividend Amount Requirement	Shares Outstanding	Dividend Amount Requirement	
1						
2						
3	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING					
4						
5						
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17	SUPPORTING SCHEDULES:			RECAP SCHEDULES:		
18	(a) E-1			(a) D-1		
19						
20						

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Zepp

Line
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THE COMPANY IS REQUESTING 11.5% RATE OF RETURN ON COMMON EQUITY.
THE REQUEST IS SUPPORTED BY THE TESTIMONY AND EXHIBITS OF
DR. THOMAS M. ZEPP INCLUDED IN THE FILING.

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Comparative Balance Sheets

Exhibit
Schedule E-1
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/01	Prior Year Ended 12/31/00	Prior Year Ended 12/31/99
1	ASSETS			
2	Plant In Service	\$ 39,775,541	\$ 39,805,796	\$ 34,576,511
3				
4	Non-Utility Plant	-	-	-
5	Construction Work in Progress	33,267	(205,300)	208,861
6	Less: Accumulated Depreciation	13,547,781	12,026,172	11,352,262
7	Net Plant	<u>\$ 26,261,027</u>	<u>\$ 27,574,324</u>	<u>\$ 23,433,110</u>
8				
9	Debt Reserve Fund	\$ -	\$ -	\$ -
10				
11	CURRENT ASSETS			
12	Cash and Equivalents	\$ -	\$ -	\$ -
13	Accounts Receivable, Net	(166,488)	(166,384)	(57,181)
14	Notes/Receivables from Associated Companies			
15	Materials and Supplies	-	-	-
16	Prepayments	20	-	-
17	Other Current Assets	501,497	480,282	45,216
18	Total Current Assets	<u>\$ 335,029</u>	<u>\$ 313,898</u>	<u>\$ (11,965)</u>
19				
20	Deferred Debits	\$ -	\$ -	\$ -
21				
22	Other Investments & Special Funds	\$ -	\$ -	\$ -
23				
24	TOTAL ASSETS	<u><u>\$ 26,596,056</u></u>	<u><u>\$ 27,888,222</u></u>	<u><u>\$ 23,421,145</u></u>
25				
26				
27	LIABILITIES AND STOCKHOLDERS' EQUITY			
28				
29	Common Equity	<u>\$ 3,645,591</u>	<u>\$ 4,144,728</u>	<u>\$ 4,338,734</u>
30				
31	Long-Term Debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
32				
33	CURRENT LIABILITIES			
34	Accounts Payable	\$ 15,207	\$ 16,255	\$ 49,356
35	Current Portion of Long-Term Debt	-	-	-
36	Payables to Associated Companies	6,156,958	5,591,505	18,309,380
37	Customer Deposits	525	(651)	(826)
38	Taxes Payable	(60,674)	(66,657)	(1,728)
39	Interest Payable	-	-	-
40	Other Current Liabilities	-	-	-
41	Total Current Liabilities	<u>\$ 6,112,016</u>	<u>\$ 5,540,452</u>	<u>\$ 18,356,182</u>
42	DEFERRED CREDITS			
43	Advances in Aid of Construction	\$ 16,142,093	\$ 18,210,108	\$ 726,229
44	Accumulated Deferred Income Taxes	-	-	-
45	Contributions In Aid of Construction, Net	696,356	(7,066)	-
46	Accumulated Deferred Income Credits	-	-	-
47	Total Deferred Credits	<u>\$ 16,838,449</u>	<u>\$ 18,203,042</u>	<u>\$ 726,229</u>
48				
49	Total Liabilities & Common Equity	<u><u>\$ 26,596,056</u></u>	<u><u>\$ 27,888,222</u></u>	<u><u>\$ 23,421,145</u></u>
50				

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Comparative Income Statements

Exhibit
Schedule E-2
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/01	Prior Year Ended 12/31/00	Prior Year Ended 12/31/99
1	Operating Revenues	\$ 3,524,634	\$ 3,548,880	\$ 3,545,468
2	Operation and Maintenance			
3	Expense	\$ 2,192,951	\$ 2,063,402	\$ 1,883,954
4	Depreciation & Amortization	1,760,039	1,633,655	1,401,089
5	Other Taxes	67,189	50,802	16,278
6	Income Taxes	-	-	-
7	Total Expense	\$ 4,020,179	\$ 3,747,859	\$ 3,301,321
8	Operating Income	\$ (495,545)	\$ (198,979)	\$ 244,147
9	Other Income Net		(4,973)	(18,210)
10	Long-Term Interest		-	-
11	Other Expense	3,592		
12	Miscellaneous Other Expense (Income)		-	-
13	AFUDC			
14	Net Income	\$ (499,137)	\$ (194,006)	\$ 262,357
15				

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Comparative Statements of Cash Flows

Exhibit
Schedule E-3
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/01	Prior Year Ended 12/31/00	Prior Year Ended 12/31/99
1				
2				
3	Cash Flows from Operating Activities			
4	Net Income	\$ (499,137)	\$ (194,006)	\$ 262,358
5	Adjustments to reconcile net income to net cash			
6	provided by operating activities:			
7	Depreciation and Amortization	1,760,039	1,633,655	1,391,734
8	Deferred Income Taxes	-	-	-
9	Accumulated Deferred ITC			
10	Changes in Certain Assets and Liabilities:			
11	Accounts Receivable	104	109,203	192,282
12	Materials and Supplies Inventory	-	-	-
13	Prepaid Expenses	(20)	-	-
14	Misc Current Assets and Deferred Expense	(21,215)	(435,066)	(22,153)
15	Accounts Payable and Accrued Liabilities	4,935	(98,030)	(106,081)
16	Accrued Taxes			(2,373,344)
17	Net Cash Flow provided by Operating Activities	<u>\$ 1,244,706</u>	<u>\$ 1,015,756</u>	<u>\$ (655,204)</u>
18	Cash Flow From Investing Activities:			
19	Capital Expenditures	(446,742)	(5,774,869)	(1,003,482)
20	Plant Held for Future Use			
21	Non-Utility Property	-	-	-
22	Net Cash Flows from Investing Activities	<u>\$ (446,742)</u>	<u>\$ (5,774,869)</u>	<u>\$ (1,003,482)</u>
23	Cash Flow From Financing Activities			
24	(Decrease) Increase in Net Amounts due to Parent and			
25	Affiliates	565,453	(12,717,875)	16,802,377
26	Customer Deposits	1,176	175	(826)
27	Changes in Advances for Construction	(2,068,015)	17,483,879	(14,966,814)
28	Changes in Contributions for Construction	703,422	(7,066)	(176,051)
29	Net Proceeds from Long-Term Debt Borrowing	-	-	-
30	Repayments of Long-Term Debt	-	-	-
31	Dividends Paid	-	-	-
32	Deferred Financing Costs	-	-	-
33	Paid in Capital	-	-	-
34	Net Cash Flows Provided by Financing Activities	<u>\$ (797,964)</u>	<u>\$ 4,759,113</u>	<u>\$ 1,658,686</u>
35	Increase(decrease) in Cash and Cash Equivalents	-	-	-
36	Cash and Cash Equivalents at Beginning of Year	-	-	-
37	Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
38				
39				

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Statement of Changes in Stockholder's Equity

Exhibit
Schedule E-4
Page 1
Witness: Bourassa

Line

No.

	<u>Common</u>	<u>Additional</u>	<u>Retained</u>		
	<u>Stock</u>	<u>Paid-In-Capital</u>	<u>Earnings</u>	<u>Total</u>	
1					
2					
3					
4	Balance, December 31, 1997	\$ -	\$ 1,006,993	\$ 2,903,736	\$ 3,910,729
5					
6	Net Income	-	-	165,648	165,648
4					
5	Balance, December 31, 1998	-	1,006,993	3,069,384	4,076,377
6					
7	Net Income	-	-	262,357	262,357
8					
4	Balance, December 31, 1999	-	1,006,993	3,331,741	4,338,734
5					
6	Net Income	-	-	(194,006)	(194,006)
7					
8	Balance, December 31, 2000	-	1,006,993	3,137,735	4,144,728
9					
10	Net Income	-	-	(499,137)	(499,137)
11					
12	Balance, December 31, 2001	\$ -	\$ 1,006,993	\$ 2,638,598	\$ 3,645,591

13

14

15 SUPPORTING SCHEDULES:

RECAP SCHEDULES:

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Detail of Plant in Service

Exhibit
Schedule E-5
Page 1
Witness: Bourassa

Line No.	Acct. No.	Plant Description	Plant Balance at 12/31/00	Plant Additions, Reclassifications or Retirements	Plant Balance at 12/31/01
1		Intangible			
2	301.00	Organization	\$ 4,078	\$ -	\$ 4,078
3	302.00	Franchises	1,372	-	1,372
4	303.00	Miscellaneous Intangibles	5,184	(0)	5,184
5		Subtotal Intangible	\$ 10,634	\$ (0)	\$ 10,634
6					
7		Treatment & Discharge			
8	310.00	Land and Land Rights	\$ 542,319	\$ (0)	\$ 542,319
9	311.00	Structures and Improvements	2,664,651	31,209	2,695,860
10	312.00	Preliminary Treatment	1,102,620	(33,677)	1,068,943
11	313.00	Primary Treatment Equipment	1,071,450	12,722	1,084,172
12	314.00	Secondary Treatment Equipment	5,611,163	103,313	5,714,476
13	315.00	Tertiary Equipment	4,759,596	(8,406)	4,751,190
14	316.00	Disinfection Equipment	243,297	1,772	245,070
15	317.00	Effluent Lift Station E	1,004,341	(0)	1,004,341
16	318.00	Outfall Line	94,680	(0)	94,680
17	319.00	Sludge, Treatment & Distribution	1,337,304	(0)	1,337,304
18	321.00	Influent Lift Station	20,315	71,231	91,546
19	322.00	General Treatment Equipment	899,073	2,987	902,060
20		Subtotal Treatment & Discharge	\$ 19,350,810	\$ 181,150	\$ 19,531,960
21					
22		Collection and Influent			
23	340.00	Land and Land Rights	\$ 20,747	\$ -	\$ 20,747
24	341.00	Structures and Improvements	299,361	-	299,361
25	342.00	Collection System Lift	1,479,553	(123,386)	1,356,167
26	343.00	Collection Mains	9,743,682	44,572	9,788,254
27	344.00	Force Mains	752,939	-	752,939
28	345.00	Discharge Services	2,645,161	-	2,645,161
29	348.00	Manholes	3,189,365	(0)	3,189,365
30		Subtotal Collection and Influent	\$ 18,130,808	\$ (78,814)	\$ 18,051,994
31					
32		General			
33	389.00	Land and Land Rights	\$ -	\$ -	\$ -
34	390.00	Structures and Improvements	1,500,100	(303,984)	1,196,116
35	391.00	Office Furniture and Equipment	145,993	(3,279)	142,714
36	391.10	Computer Equipment	38,446	(4,378)	34,067
37	392.00	Transportation Equipment	95,785	138,966	234,751
38	393.00	Stores Equipment	13,964	(2,694)	11,270
39	394.00	Tools, Shop and Garage	58,464	45,151	103,615
40	395.00	Laboratory Equipment	58,835	(2,427)	56,408
41	396.00	Power Operated Equipment	12,955	(0)	12,955
42	397.00	Communication Equipment	318,807	(0)	318,807
43	398.00	Miscellaneous Equipment	70,250	(0)	70,250
44		Subtotal General	\$ 2,313,598	\$ (132,645)	\$ 2,180,953
45					
46					
47					
48		TOTAL WASTEWATER PLANT	\$ 39,805,849	\$ (30,309)	\$ 39,775,540

SUPPORTING SCHEDULES

RECAP SCHEDULES:

A-4
E-1

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Operating Statistics

Exhibit
Schedule E-7
Page 1
Witness: Bourassa

Line No.		Test Year Ended <u>12/31/01</u>	Prior Year Ended <u>12/31/00</u>	Prior Year Ended <u>12/31/99</u>
1	<u>SEWER STATISTICS:</u>			
2				
3				
4				
5	Sewer Revenues from Customer:	3,523,632	3,547,794	3,545,278
6				
7				
8				
9				
10	Year End Number of Customers	17,464	17,228	17,065
11				
12				
13				
14	Annual Revenue per Year End Customer	201.77	205.93	207.75
15				
16				

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Taxes Charged to Operations

Exhibit
Schedule E-8
Page 1
Witness: Bourassa

Line No.	Description	Test Year Ended <u>12/31/01</u>	Prior Year Ended <u>12/31/00</u>	Prior Year Ended <u>12/31/99</u>
1	<u>Description</u>			
2				
3	Federal Income Taxes *			
4	State Income Taxes *			
5	Payroll Taxes **		Data Not	
6	Property Taxes **		Available	
7				
8	Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
9				
10				
11	*Computed			
12	**Source: ACC Annual Reports			
13				
14				

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Notes To Financial Statements

Exhibit
Schedule E-9
Page 1
Witness: Bourassa

Line
No.

- 1 **The Company does not prepare audited financial statements.**
2
3 1. The Company follows the NARUC system of accounts.
4 2. The Company uses the accrual method of accounting.
5 3. The Company uses the depreciation lives and methods as approved in
6 prior Commission order.
7 4. The Company follows the normalized method for accounting for
8 income taxes and uses the allowed tax depreciation lives and methods
9 for determining income taxes.
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Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Projected Income Statements - Present & Proposed Rates

Exhibit
Schedule F-1
Page 1
Witness: Bourassa

Line No.		Test Year Actual Results	At Present Rates Year Ended 12/31/02	At Proposed Rates Year Ended 12/31/02
1	Revenues			
2	Flat Rate Revenues	\$ 3,523,632	\$ 3,534,678	\$ 5,498,302
3		-	-	-
4	Other Wastewater Revenues	1,002	1,002	1,002
5		<u>\$ 3,524,634</u>	<u>\$ 3,535,680</u>	<u>\$ 5,499,304</u>
6	Operating Expenses			
7	Salaries and Wages	\$ 673,037	\$ 607,304	\$ 607,304
8	Purchased Wastewater Treatment	-	-	-
9	Purchased Power	1,362	1,426	1,426
10	Fuel for Power Production	-	-	-
11	Chemicals	378,927	375,064	375,064
12	Materials and Supplies	395,088	392,206	392,206
13	Repairs and Maintenance	-	-	-
14	Office Supplies and Expense	-	136,282	136,282
15	Outside Services	(2,293)	(14,005)	(14,005)
16	Service Company Charges	-	552,478	552,478
17	Water Testing	-	-	-
18	Rents	76,681	91,410	91,410
19	Transportation Expenses	-	-	-
20	Insurance - General Liability	45,262	24,187	24,187
21	Insurance - Health and Life	-	-	-
22	Regulatory Commission Expense - Rate Case	6,513	23,335	23,335
23	Miscellaneous Expense	617,721	243,134	243,134
24	Depreciation Expense	1,760,692	1,432,265	1,432,265
25	Taxes Other Than Income	67,189	36,253	36,253
26	Property Taxes	-	168,501	168,501
27	Income Tax	-	(369,763)	388,174
28				
29	Total Operating Expenses	<u>\$ 4,020,179</u>	<u>\$ 3,700,079</u>	<u>\$ 4,458,016</u>
30	Operating Income	<u>\$ (495,545)</u>	<u>\$ (164,399)</u>	<u>\$ 1,041,288</u>
31	Other Income (Expense)			
32	Interest Income	-	-	-
33	Other income	-	-	-
34	Interest Expense	-	(423,801)	(423,801)
35	Other Expense	(3,592)	-	-
36	Gain/Loss Sale of Fixed Assets	-	-	-
37	Total Other Income (Expense)	<u>\$ (3,592)</u>	<u>\$ (423,801)</u>	<u>\$ (423,801)</u>
	Net Profit (Loss)	<u><u>\$ (499,137)</u></u>	<u><u>\$ (588,200)</u></u>	<u><u>\$ 617,487</u></u>

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Projected Statements of Changes in Financial Position
Present and Proposed Rates

Exhibit
Schedule F-2
Page 1
Witness: Bourassa

Line
No.

	Test Year Ended <u>12/31/01</u>	At Present Rates Year Ended <u>12/31/02</u>	At Proposed Rates Year Ended <u>12/31/02</u>
1			
2			
3			
4			
5	Cash Flows from Operating Activities		
6	Net Income	\$ (499,137)	\$ (588,200) \$ 617,487
7	Adjustments to reconcile net income to net cash		
8	provided by operating activities:		
9	Depreciation and Amortization	1,760,039	1,432,265 1,432,265
10	Deferred Income Taxes	-	
11	Accumulated Deferred ITC	-	
12	Changes in Certain Assests and Liabilities:	-	
13	Accounts Receivable	104	
14	Materials & Supplies	-	
15	Prepaid Expenses	(20)	
16	Misc Current Assets and Deferred Expenses	(21,215)	
17	Accounts Payable and Accrued Liabilities	4,935	
18	Accrued Taxes	-	
19	Net Cash Flow provided by Operating Activities	\$ 1,244,706	\$ 844,065 \$ 2,049,752
20	Cash Flow From Investing Activities:		
21	Capital Expenditures	(446,742)	(236,759) (236,759)
22	Plant Held for Future Use	-	
23	Non-Utility Property	-	
24	Net Cash Flows from Investing Activities	\$ (446,742)	\$ (236,759) \$ (236,759)
25	Cash Flow From Financing Activities		
26	(Decrease) Increase in Net Amounts due to Parent and		
27	Affiliates	565,453	
28	Customer Deposits	1,176	
29	Changes in Advances for Construction	(2,068,015)	
30	Changes in Contributions for Construction	703,422	
31	Proceeds from Long-Term Debt Borrowing	-	
32	Repayments of Long-Term Debt	-	0 0
33	Dividends Paid	-	- (463,115)
34	Deferred Financing Costs	-	
35	Net Cash Flows Provided by Financing Activities	\$ (797,964)	\$ 0 \$ (463,115)
36	Increase(decrease) in Cash and Cash Equivalents	\$ -	\$ 607,305 \$ 1,349,878
37	Cash and Cash Equivalents at Beginning of Year	-	- -
38	Cash and Cash Equivalents at End of Year	\$ -	\$ 607,305 \$ 1,349,878

40
41 SUPPORTING SCHEDULES:

42 E-3
43 F-3

44
45

Arizona American - Sun City West Wastewater
Test Year Ended December 31, 2001
Projected Construction Requirements

Exhibit
Schedule F-3
Page 1
Witness: Bourassa

Line
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Account

Number Plant Asset:

Thru
12/31/02

2003

2004

2005

351	Organization Cost				
352	Franchise Cost				
353	Land and Land Rights				
354	Structures and Improvements	59,500	326,000		
355	Power Generation Equipment				
360	Collection Sewers-Force				
361	Collection Sewers-Gravity	17,425	29,142	31,142	
362	Special Collecting Structures				
363	Services to Customers	9,955	14,858	14,858	
364	Flow Measuring Devices				
371	Pumping Equipment	6,340	210,000	145,000	
380	Treatment and Disposal Equipment	126,340	1,439,000	145,000	
382	Outfall Sewer Lines				
389	Other Plant and Miscellaneous Equipment				
390	Office Furniture and Fixtures				
391	Transportation Equipment				
393	Tools and Work Equipment	5,500	4,000	4,000	
394	Laboratory Equipment	5,500	6,000	6,000	
395	Power Operated Equipment		4,000	4,000	
396	Communications Equipment	6,200	9,200	5,500	
397	Miscellaneous Equipment				
398	Other Tangible Plant				

\$	236,759	\$	2,042,200	\$	355,500	\$	-
----	---------	----	-----------	----	---------	----	---

Arizona American - Sun City West Wastewater

Test Year Ended December 31, 2001

Assumptions Used in Rate Filing

Exhibit

Schedule F-4

Page 1

Witness: Bourassa

Line

No.

- 1 Property Taxes were computed using the method used by the Arizona Department
- 2 of Revenue
- 3
- 4 Projected construction expenditures are shown on Schedule A-4.
- 5
- 6 Expense adjustments are shown on Schedule C2, and are explained in the testimony.
- 7
- 8 Accumulated depreciation and depreciation expense were computed at Arizona Corporation
- 9 Commission allowed rated in Prior Commission Decision.
- 10
- 11 Income taxes were computed using statutory state and federal income tax rates.
- 12
- 13
- 14
- 15

Arizona American - Sun City West Sewer

Revenue Summary

Test Year ended December 31, 2001

Exhibit
Schedule H-1
Page 1
Witness: Kozoman

Customer Classification		Percent of		Percent of	
Line No.	and/or Meter Size	Present Revenues	Proposed Revenues	Dollar Change	Percent Change
1	Residential Units (WSR)	\$ 2,789,886	\$ 4,341,159	\$ 1,551,273	55.60%
2	Commercial Units (SSC)	76,035	118,317	42,282	55.61%
3	Commercial Large User (WS6)	12,683	19,684	7,001	55.20%
4	Multi-family Residential Units (AC WSRE)	553,264	860,898	307,634	55.60%
5					
6					
7	Commercial additional toilets (WS1)	70,575	109,857	39,282	55.66%
8	Commercial per dishwasher (WS2)	11,241	17,490	6,249	55.59%
9	Commercial per wash machine (WS3)	3,247	5,052	1,805	55.59%
10	Commercial per wash rack (WS4)	2,497	3,886	1,388	55.60%
11	Miscellaneous Revenues	1,002	1,002	-	0.00%
12	Subtotal of Revenues	\$ 3,520,431	\$ 5,477,345	\$ 1,956,915	55.59%
13					100.00%
14					100.00%
15	Revenue Annualization				
16	Residential Units (WSR)	3,134	4,877	1,743	55.60%
17	Commercial Units (SSC)	7,089	11,031	3,942	55.61%
18	Commercial Large User (WS6)	681	1,060	379	55.59%
19	Multi-family Residential Units (AC WSRE)	(424)	(660)	(236)	55.66%
20	Commercial additional toilets (WS1)				(80)
21	Commercial per dishwasher (WS2)				
22	Commercial per wash machine (WS3)	566	881	315	55.59%
23	Commercial per wash rack (WS4)				57
24	Total Revenue Annualization	\$ 11,046	\$ 17,188	6,142	55.60%
25					492
26	Total Revenues	\$ 3,531,477	\$ 5,494,534	1,963,057	55.59%

Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Bills to be Issued
193				
307				
15				
(80)				
57				
492				

Arizona American - Sun City West Sewer
 Analysis of Revenue by Detailed Class
 Test Year ended December 31, 2001

Exhibit
 Schedule H-2
 Page 1
 Witness: Kozoman

Line No.	Customer Classification and/or Meter Size	(a)		Average Consumption	Revenues		Proposed Increase	
		Average Number of Customers at 12/31/01	12/31/01		Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	Residential Units (WSR)	14,316		N/A	16.24	25.27	9.03	55.60%
2	Commercial Units (SSC)	274		N/A	23.09	35.93	12.84	55.61%
3	Commercial Large User (WS6)	5		187,702	209.77	325.58	115.81	55.21%
4	Muti-family Residential Units (AC WSRE)	2,839		N/A	-	-	-	0.00%
5	Total Actual Year End Customers	17,434						
6								
7	Commercial additional toilets (WS1)	1,110		N/A	5.30	8.25	2.95	55.66%
8	Commercial per dishwasher (WS2)	22		N/A	42.58	66.25	23.67	55.59%
9	Commercial per wash machine (WS3)	27		N/A	9.93	15.45	5.52	55.59%
10	Commercial per wash rack (WS4)	10		N/A	20.81	32.38	11.57	55.60%
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21	Total Other Units	1,169						

Arizona American - Sun City West Sewer
Customer and Unit Count Summary
Test Year ended December 31, 2001

Exhibit
Schedule H-2
Page 2
Witness: Kozoman

<u>Meter Classification</u>	Month of <u>Jan-01</u>	Month of <u>Feb-01</u>	Month of <u>Mar-01</u>	Month of <u>Apr-01</u>	Month of <u>May-01</u>	Month of <u>Jun-01</u>	Month of <u>Jul-01</u>
Residential Units (WSR)	14,349	14,340	14,338	14,325	14,299	14,300	14,295
Commercial Units (SSC)	267	270	270	274	269	269	272
Commercial Large User (WS6)	4	4	4	5	5	5	5
Muti-family Residential Units (AC WSRE)	2,839	2,839	2,839	2,839	2,839	2,839	2,839
Total Customers	17,459	17,453	17,451	17,443	17,412	17,413	17,411
Commercial additional toilets (WS1)	1,107	1,107	1,105	1,121	1,109	1,108	1,123
Commercial per dishwasher (WS2)	22	22	22	22	22	22	22
Commercial per wash machine (WS3)	3	3	31	34	32	32	32
Commercial per wash rack (WS4)	10	10	10	10	10	10	10

Total Other Units	1,142	1,142	1,168	1,187	1,173	1,172	1,187
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<u>Meter Classification</u>	Month of <u>Aug-01</u>	Month of <u>Sep-01</u>	Month of <u>Oct-01</u>	Month of <u>Nov-01</u>	Month of <u>Dec-01</u>	Change from Beginning of Year to	Revenues Annual- ized
Residential Units (WSR)	14,291	14,291	14,301	14,330	14,332	(17)	Yes
Commercial Units (SSC)	272	269	270	291	300	33	Yes
Commercial Large User (WS6)	6	5	5	3	6	2	Yes
Muti-family Residential Units (AC WSRE)	2,839	2,839	2,839	2,839	2,839	-	No
Total Customers	17,408	17,404	17,415	17,463	17,477	18	
Commercial additional toilets (WS1)	1,109	1,113	1,111	1,100	1,103	(4)	Yes
Commercial per dishwasher (WS2)	22	22	22	22	22	-	No
Commercial per wash machine (WS3)	32	32	32	32	32	29	Yes
Commercial per wash rack (WS4)	10	10	10	10	10	-	No
0	-	-	-	-	-	-	No
	-	-	-	-	-	-	No
	-	-	-	-	-	-	No
	-	-	-	-	-	-	No
Total Other Units	1,173	1,177	1,175	1,164	1,167	61	

Arizona American - Sun City West Sewer

Present and Proposed Rates

Year ended December 31, 2001

Exhibit

Schedule H-3

Page 1

Witness: Kozoman

Line No.	Customer Classification and/or Meter Size, If Applicable	Present Rates	Proposed Rates	Percent Change
1	Monthly Usage Charge for:			
2	<u>Residential and Commercial</u>			
3	Residential (WSR) (a)	\$ 16.24	\$ 25.27	55.60%
4	Commercial (WSC) (a)	23.09	35.93	55.61%
5	Commercial Large User (SS6 based on consumption) (a)	45.42	70.67	55.59%
6	WS1 (commercial, additonal toilets) (a)	5.30	8.25	55.66%
7	WS2 (commercial restaurant, per dishwasher or garbage grinder) (a)	42.58	66.25	55.59%
8	WS3 (commercial laundromat, per washing machine) (a)	9.93	15.45	55.59%
9	WS4 (commercial, per wash rack) (a)	20.81	32.38	55.60%
10				
11				
12	<u>Annual Fee for Industrial Discharge Service</u>			
13	For those customers consuming an amount of water less than or equal			
14	50,000 gallons per month through one or more water meters to the			
15	same facility, inclusive of meters used for irrigation:	\$ 500.00		
16				
17				
18	For those customers consuming an amount of water greater than			
19	50,000 gallons per month through one or more water meters to the			
20	same facility, inclusive of meters used for irrigation:	\$ 1,000.00		
21				
22	Annual Fee for Industrial Discharge Service charges shall be non-refundable and shall be assessed			
23	in advance each January by the Company by special billing. For new customers receiving this service,			
24	a prorated charge shall be assessed.			
25				
26				
27				
28				
29				
30				
31				
32	<u>Gallons In Minimum</u>			
33	Commercial SSR6	20,000	20,000	
34				
35	<u>Commodity Rates (per 1,000 gallons over minimum)</u>			
36	Commercial SSR6 (a)	\$ 0.98	\$ 1.52	55.10%

Arizona American - Sun City West Sewer
Changes in Representative Rate Schedules
Test Year ended December 31, 2001

Exhibit
Schedule H-3
Page 2
Witness: Kozoman

Line		Present	Proposed
No.	<u>Other Service Charges</u>	<u>Rates</u>	<u>Rates</u>
1	Establishment		
2	Establishment (After Hours)		
3	Reconnection (Delinquent)		
4	Reconnection (After Hours)		
5			
6	Deposit		
7	Deposit Interest		
8	Re-Establishment (With-in 12 Months)		
9			
10	NSF Check		
11	Deferred Payment, Per Month (b)		
12			
13			
14			
15	Late Payment Charge	1.50%	1.50%
16			
17			
18			
19			
20	** PER COMMISSION RULES (R14-2-403.B)		
21	*** MONTHS OFF SYSTEM TIMES MINIMUM (R14-2-403.D)		
22	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
23	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
24	TAX. PER COMMISSION RULE (14-2-409.D 5)		
25	ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,		
26	AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES.		

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

Summary WSR Rates

Exhibit

Schedule H-4

Page 1

Witness: Kozoman

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 16.24	\$ 25.27	\$ 9.03	55.60%

Present Rates:

Monthly Minimum: \$ 16.24

Proposed Rates:

Monthly Minimum: \$ 25.27

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WSRE

Exhibit
Schedule H-4
Page 1a
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 16.24	\$ 25.27	\$ 9.03	55.60%

Present Rates:

Monthly Minimum: \$ 16.24

Proposed Rates:

Monthly Minimum: \$ 25.27

Bill Comparison
Customer Classification

RS WSRE

Schedule H-4
Page 1b
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 16.24	\$ 25.27	\$ 9.03	55.60%

Present Rates:

Monthly Minimum: \$ 16.24

Proposed Rates:

Monthly Minimum: \$ 25.27

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

Summary SSC Rates

Exhibit

Schedule H-4

Page 2

Witness: Kozoman

<u>Usage</u>		<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$	23.09	\$ 35.93	\$ 12.84	55.61%

Present Rates:

Monthly Minimum: \$ 23.09

Proposed Rates:

Monthly Minimum: \$ 35.93

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WSCC

Exhibit
Schedule H-4
Page 2a
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 23.09	\$ 35.93	\$ 12.84	55.61%

Present Rates:

Monthly Minimum: \$ 23.09

Proposed Rates:

Monthly Minimum: \$ 35.93

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WSCL

Exhibit
Schedule H-4
Page 2b
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 23.09	\$ 35.93	\$ 12.84	55.61%

Present Rates:

Monthly Minimum: \$ 23.09

Proposed Rates:

Monthly Minimum: \$ 35.93

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
1,000	\$ 45.42	\$ 70.67	\$ 25.25	55.59%
2,000	45.42	70.67	25.25	55.59%
3,000	45.42	70.67	25.25	55.59%
4,000	45.42	70.67	25.25	55.59%
5,000	45.42	70.67	25.25	55.59%
6,000	45.42	70.67	25.25	55.59%
7,000	45.42	70.67	25.25	55.59%
8,000	45.42	70.67	25.25	55.59%
9,000	45.42	70.67	25.25	55.59%
10,000	45.42	70.67	25.25	55.59%
11,000	45.42	70.67	25.25	55.59%
12,000	45.42	70.67	25.25	55.59%
13,000	45.42	70.67	25.25	55.59%
14,000	45.42	70.67	25.25	55.59%
15,000	45.42	70.67	25.25	55.59%
16,000	45.42	70.67	25.25	55.59%
17,000	45.42	70.67	25.25	55.59%
18,000	45.42	70.67	25.25	55.59%
100,000	123.82	192.27	68.45	55.28%
134,000	157.14	243.95	86.81	55.24%
135,000	158.12	245.47	87.35	55.24%
174,000	196.34	304.75	108.41	55.22%
634,000	647.14	1,003.95	356.81	55.14%
637,000	650.08	1,008.51	358.43	55.14%
682,000	694.18	1,076.91	382.73	55.13%
737,000	748.08	1,160.51	412.43	55.13%
738,000	749.06	1,162.03	412.97	55.13%
757,000	767.68	1,190.91	423.23	55.13%
932,000	939.18	1,456.91	517.73	55.13%
970,000	976.42	1,514.67	538.25	55.12%
974,000	980.34	1,520.75	540.41	55.12%
980,000	986.22	1,529.87	543.65	55.12%
1,071,000	1,075.40	1,668.19	592.79	55.12%
140,000	163.02	253.07	90.05	55.24%
108,000	131.66	204.43	72.77	55.27%
Average Usage				
187,702	209.77	325.58	115.81	55.21%
Median Usage				
8,000	45.42	70.67	25.25	55.59%

Present Rates:

Monthly Minimum: \$ 45.42
 Gallons in Minimum 20,000
 Charge Per 1,000 Gallons
 Up to 9,999,999,999 \$ 0.98

Proposed Rates:

Monthly Minimum: \$ 70.67
 Gallons in Minimum 20,000
 Charge Per 1,000 Gallons
 Up to 9,999,999,999 \$ 1.52

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification

Multi-family Residential Units (AC SSR Page 4

Exhibit
Schedule H-4
Witness: Kozoman

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 16.24	\$ 25.27	\$ 9.03	55.60%

Present Rates:

Monthly Minimum: \$ 16.24

Proposed Rates:

Monthly Minimum: \$ 25.27

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification

Summary Additional Toilets (CM WS1 Page 5

Exhibit
Schedule H-4
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 5.30	\$ 8.25	\$ 2.95	55.66%

Present Rates:

Monthly Minimum: \$ 5.30

Proposed Rates:

Monthly Minimum: \$ 8.25

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WS1C

Exhibit
Schedule H-4
Page 5a
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 5.30	\$ 8.25	\$ 2.95	55.66%

Present Rates:
Monthly Minimum: \$ 5.30

Proposed Rates:
Monthly Minimum: \$ 8.25

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WS1T

Exhibit
Schedule H-4
Page 5b
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 5.30	\$ 8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%
-	5.30	8.25	\$ 2.95	55.66%

Present Rates:

Monthly Minimum: \$ 5.30

Proposed Rates:

Monthly Minimum: \$ 8.25

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

Summary CM WS2 Rates

Exhibit

Schedule H-4

Page 6

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 42.58	\$ 66.25	\$ 23.67	55.59%

Present Rates:

Monthly Minimum: \$ 42.58

Proposed Rates:

Monthly Minimum: \$ 66.25

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WS2C

Exhibit
Schedule H-4
Page 6a
Witness: Kozoman

<u>Usage</u>		<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$	42.58	\$ 66.25	\$ 23.67	55.59%

Present Rates:

Monthly Minimum: \$ 42.58

Proposed Rates:

Monthly Minimum: \$ 66.25

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WS2T

Exhibit
Schedule H-4
Page 6b
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 42.58	\$ 66.25	\$ 23.67	55.59%

Present Rates:
Monthly Minimum: \$ 42.58

Proposed Rates:
Monthly Minimum: \$ 66.25

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

Summary CM WS3 Rates

Exhibit

Schedule H-4

Page 7

Witness: Kozoman

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 9.93	\$ 15.45	\$ 5.52	55.59%

Present Rates:

Monthly Minimum: \$ 9.93

Proposed Rates:

Monthly Minimum: \$ 15.45

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

CM WS3C

Exhibit

Schedule H-4

Page 7a

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 9.93	\$ 15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%

Present Rates:

Monthly Minimum: \$ 9.93

Proposed Rates:

Monthly Minimum: \$ 15.45

Average Usage

- \$ 9.93 \$ 15.45 \$ 5.52 55.59%

Median Usage

- \$ 9.93 \$ 15.45 \$ 5.52 55.59%

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

CM WS3T

Exhibit

Schedule H-4

Page 7b

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 9.93	\$ 15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%
-	9.93	15.45	\$ 5.52	55.59%

Present Rates:

Monthly Minimum: \$ 9.93

Proposed Rates:

Monthly Minimum: \$ 15.45

Average Usage

- \$ 9.93 \$ 15.45 \$ 5.52 55.59%

Median Usage

- \$ 9.93 \$ 15.45 \$ 5.52 55.59%

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

Summary CM WS4 Rates

Exhibit

Schedule H-4

Page 8

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 20.81	\$ 32.38	\$ 11.57	55.60%

Present Rates:

Monthly Minimum: \$ 20.81

Proposed Rates:

Monthly Minimum: \$ 32.38

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WS4C

Exhibit
Schedule H-4
Page 8a
Witness: Kozoman

<u>Usage</u>		<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$	20.81	\$ 32.38	\$ 11.57	55.60%

Present Rates:
Monthly Minimum: \$ 20.81

Proposed Rates:
Monthly Minimum: \$ 32.38

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WS4T

Exhibit
Schedule H-4
Page 8b
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 20.81	\$ 32.38	\$ 11.57	55.60%

Present Rates:
Monthly Minimum: \$ 20.81

Proposed Rates:
Monthly Minimum: \$ 32.38

Step-One Rate Increase

Arizona American - Sun City West Sewer

Revenue Summary

Test Year ended December 31, 2001

Step-One Rate Increase

Exhibit
Schedule H-1
Page 1
Witness: Kozoman

Customer Classification		and/or		Meter Size		Percent		Percent	
Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Present Revenues	Percent of Present Sewer Revenues	Proposed Revenues	Percent of Proposed Sewer Revenues
1	Residential Units (WSR)	2,789,886	3,906,527	\$ 1,116,642	40.02%	79,21%	79.23%		
2	Commercial Units (SSC)	76,035	106,463	30,427	40.02%	2.16%	2.16%		
3	Commercial Large User (WS6)	12,683	17,736	5,053	39.84%	0.36%	0.36%		
4	Multi-family Residential Units (AC WSRE)	553,264	774,706	221,442	40.02%	15.71%	15.71%		
5									
6									
7	Commercial additional toilets (WS1)	70,575	98,805	28,230	40.00%	2.00%	2.00%		
8	Commercial per dishwasher (WS2)	11,241	15,737	4,496	40.00%	0.32%	0.32%		
9	Commercial per wash machine (WS3)	3,247	4,545	1,298	39.98%	0.09%	0.09%		
10	Commercial per wash rack (WS4)	2,497	3,496	998	39.98%	0.07%	0.07%		
11	Miscellaneous Revenues	2,859	2,859	-	0.00%	0.08%	0.06%		
12	Subtotal of Revenues	\$ 3,522,288	\$ 4,930,874	\$ 1,408,586	39.99%	100.00%	100.00%		
13									
14									
15	Revenue Annualization								
16	Residential Units (WSR)	3,134	4,389	1,255	40.02%	193			
17	Commercial Units (SSC)	7,089	9,925	2,837	40.02%	307			
18	Commercial Large User (WS6)	681	954	273	40.00%	15			
19	Multi-family Residential Units (AC WSRE)								
20	Commercial additional toilets (WS1)	(424)	(594)	(170)	40.00%	(80)			
21	Commercial per dishwasher (WS2)								
22	Commercial per wash machine (WS3)	566	792	226	39.98%	57			
23	Commercial per wash rack (WS4)								
24	Total Revenue Annualization	\$ 11,046	\$ 15,467	4,420	40.02%	492			
25									
26	Total Revenues	\$ 3,533,334	\$ 4,946,340	1,413,006	39.99%				

Arizona American - Sun City West Sewer
 Analysis of Revenue by Detailed Class
 Test Year ended December 31, 2001
 Step-One Rate Increase

Exhibit
 Schedule H-2
 Page 1
 Witness: Kozoman

Line No.	Customer Classification and/or Meter Size	(a)		Revenues		Proposed Increase	
		Average Number of Customers at 12/31/01	Average Consumption	Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	Residential Units (WSR)	14,316	N/A	16.24	22.74	6.50	40.02%
2	Commercial Units (SSC)	274	N/A	23.09	32.33	9.24	40.02%
3	Commercial Large User (WS6)	5	187,702	209.77	293.34	83.57	39.84%
4	Multi-family Residential Units (AC WSRE)	2,839	N/A	-	-	-	0.00%
5	Total Actual Year End Customers	17,434					
6							
7	Commercial additional toilets (WS1)	1,110	N/A	5.30	7.42	2.12	40.00%
8	Commercial per dishwasher (WS2)	22	N/A	42.58	59.61	17.03	40.00%
9	Commercial per wash machine (WS3)	27	N/A	9.93	13.90	3.97	39.98%
10	Commercial per wash rack (WS4)	10	N/A	20.81	29.13	8.32	39.98%
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21	Total Other Units	1,169					

Arizona American - Sun City West Sewer
Customer and Unit Count Summary
Test Year ended December 31, 2001
Step-One Rate Increase

Exhibit
Schedule H-2
Page 2
Witness: Kozoman

<u>Meter Classification</u>	Month of <u>Jan-01</u>	Month of <u>Feb-01</u>	Month of <u>Mar-01</u>	Month of <u>Apr-01</u>	Month of <u>May-01</u>	Month of <u>Jun-01</u>	Month of <u>Jul-01</u>
Residential Units (WSR)	14,349	14,340	14,338	14,325	14,299	14,300	14,295
Commercial Units (SSC)	267	270	270	274	269	269	272
Commercial Large User (WS6)	4	4	4	5	5	5	5
Muti-family Residential Units (AC WSRE)	2,839	2,839	2,839	2,839	2,839	2,839	2,839
Total Customers	17,459	17,453	17,451	17,443	17,412	17,413	17,411
Commercial additional toilets (WS1)	1,107	1,107	1,105	1,121	1,109	1,108	1,123
Commercial per dishwasher (WS2)	22	22	22	22	22	22	22
Commercial per wash machine (WS3)	3	3	31	34	32	32	32
Commercial per wash rack (WS4)	10	10	10	10	10	10	10

Total Other Units	1,142	1,142	1,168	1,187	1,173	1,172	1,187
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<u>Meter Classification</u>	Month of <u>Aug-01</u>	Month of <u>Sep-01</u>	Month of <u>Oct-01</u>	Month of <u>Nov-01</u>	Month of <u>Dec-01</u>	Change from Beginning of Year to	Revenues Annual- ized
Residential Units (WSR)	14,291	14,291	14,301	14,330	14,332	(17)	Yes
Commercial Units (SSC)	272	269	270	291	300	33	Yes
Commercial Large User (WS6)	6	5	5	3	6	2	Yes
Muti-family Residential Units (AC WSRE)	2,839	2,839	2,839	2,839	2,839	-	No
Total Customers	17,408	17,404	17,415	17,463	17,477	18	
Commercial additional toilets (WS1)	1,109	1,113	1,111	1,100	1,103	(4)	Yes
Commercial per dishwasher (WS2)	22	22	22	22	22	-	No
Commercial per wash machine (WS3)	32	32	32	32	32	29	Yes
Commercial per wash rack (WS4)	10	10	10	10	10	-	No
0	-	-	-	-	-	-	No
	-	-	-	-	-	-	No
	-	-	-	-	-	-	No
	-	-	-	-	-	-	No
Total Other Units	1,173	1,177	1,175	1,164	1,167	61	

Line No.	Customer Classification and/or Meter Size, If Applicable	Present Rates	Proposed Rates	Percent Change
1	Monthly Usage Charge for:			
2	<u>Residential and Commercial</u>			
3	Residential (WSR) (a)	\$ 16.24	\$ 22.74	40.02%
4	Commercial (WSC) (a)	23.09	32.33	40.02%
5	Commercial Large User (SS6 based on consumption) (a)	45.42	63.59	40.00%
6	WS1 (commercial, additonal toilets)	5.30	7.42	40.00%
7	WS2 (commercial restaurant, per dishwasher or garbage grinder) (a)	42.58	59.61	40.00%
8	WS3 (commercial laundromat, per washing machine) (a)	9.93	13.90	39.98%
9	WS4 (commercial, per wash rack) (a)	20.81	29.13	39.98%
10				
11				
12	<u>Annual Fee for Industrial Discharge Service</u>			
13	For those customers consuming an amount of water less than or equal			
14	50,000 gallons per month through one or more water meters to the			
15	same facility, inclusive of meters used for irrigation:	\$ 500.00		
16				
17				
18	For those customers consuming an amount of water greater than			
19	50,000 gallons per month through one or more water meters to the			
20	same facility, inclusive of meters used for irrigation:	\$ 1,000.00		
21				
22	Annual Fee for Industrial Discharge Service charges shall be non-refundable and shall be assessed			
23	in advance each January by the Company by special billing. For new customers receiving this service,			
24	a prorated charge shall be assessed.			
25				
26				
27				
28				
29				
30				
31				
32	<u>Gallons In Minimum</u>			
33	Commercial SSR6	20,000	20,000	
34				
35	<u>Commodity Rates (per 1,000 gallons over minimum)</u>			
36	Commercial SSR6 (a)	\$ 0.98	\$ 1.3700	39.80%

Arizona American - Sun City West Sewer
Changes in Representative Rate Schedules
Test Year ended December 31, 2001
Step-One Rate Increase

Exhibit
Schedule H-3
Page 2
Witness: Kozoman

Line		Present	Proposed
<u>No.</u>	<u>Other Service Charges</u>	<u>Rates</u>	<u>Rates</u>
1	Establishment		
2	Establishment (After Hours)		
3	Reconnection (Delinquent)		
4	Reconnection (After Hours)		
5			
6	Deposit		
7	Deposit Interest		
8	Re-Establishment (With-in 12 Months)		
9			
10	NSF Check		
11	Deferred Payment, Per Month (b)		
12			
13			
14			
15	Late Payment Charge	1.50%	1.50%
16			
17			
18			
19			
20	** PER COMMISSION RULES (R14-2-403.B)		
21	*** MONTHS OFF SYSTEM TIMES MINIMUM (R14-2-403.D)		
22	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
23	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
24	TAX. PER COMMISSION RULE (14-2-409.D 5)		
25	ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,		
26	AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES.		
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

Step-One Rate Increase

Summary WSR Rates

Exhibit

Schedule H-4

Page 1

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 16.24	\$ 22.74	\$ 6.50	40.02%

Present Rates:

Monthly Minimum: \$ 16.24

Proposed Rates:

Monthly Minimum: \$ 22.74

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WSRE
Step-One Rate Increase

Exhibit
Schedule H-4
Page 1a
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 16.24	\$ 22.74	\$ 6.50	40.02%

Present Rates:
Monthly Minimum: \$ 16.24

Proposed Rates:
Monthly Minimum: \$ 22.74

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification RS WSRE
Step-One Rate Increase

Exhibit
Schedule H-4
Page 1b
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 16.24	\$ 22.74	\$ 6.50	40.02%

Present Rates:
Monthly Minimum: \$ 16.24

Proposed Rates:
Monthly Minimum: \$ 22.74

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

Step-One Rate Increase

Summary SSC Rates

Exhibit

Schedule H-4

Page 2

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 23.09	\$ 32.33	\$ 9.24	40.02%

Present Rates:

Monthly Minimum: \$ 23.09

Proposed Rates:

Monthly Minimum: \$ 32.33

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WSCC
Step-One Rate Increase

Exhibit
Schedule H-4
Page 2a
Witness: Kozoman

<u>Usage</u>		<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$	23.09	\$ 32.33	\$ 9.24	40.02%

Present Rates:
Monthly Minimum: \$ 23.09

Proposed Rates:
Monthly Minimum: \$ 32.33

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WSCL
Step-One Rate Increase

Exhibit
Schedule H-4
Page 2b
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 23.09	\$ 32.33	\$ 9.24	40.02%

Present Rates:
Monthly Minimum: \$ 23.09

Proposed Rates:
Monthly Minimum: \$ 32.33

Arizona American - Sun City West Sewer
 Bill Comparison
 Customer Classification CM WS6C
 Step-One Rate Increase

Exhibit
 Schedule H-4
 Page 3
 Witness: Kozoman

<u>Usage</u>		<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
1,000	\$	45.42	\$ 63.59	\$ 18.17	40.00%
2,000		45.42	63.59	\$ 18.17	40.00%
3,000		45.42	63.59	\$ 18.17	40.00%
4,000		45.42	63.59	\$ 18.17	40.00%
5,000		45.42	63.59	\$ 18.17	40.00%
6,000		45.42	63.59	\$ 18.17	40.00%
7,000		45.42	63.59	\$ 18.17	40.00%
8,000		45.42	63.59	\$ 18.17	40.00%
9,000		45.42	63.59	\$ 18.17	40.00%
10,000		45.42	63.59	\$ 18.17	40.00%
11,000		45.42	63.59	\$ 18.17	40.00%
12,000		45.42	63.59	\$ 18.17	40.00%
13,000		45.42	63.59	\$ 18.17	40.00%
14,000		45.42	63.59	\$ 18.17	40.00%
15,000		45.42	63.59	\$ 18.17	40.00%
16,000		45.42	63.59	\$ 18.17	40.00%
17,000		45.42	63.59	\$ 18.17	40.00%
18,000		45.42	63.59	\$ 18.17	40.00%
100,000		123.82	173.19	\$ 49.37	39.87%
134,000		157.14	219.77	\$ 62.63	39.86%
135,000		158.12	221.14	\$ 63.02	39.86%
174,000		196.34	274.57	\$ 78.23	39.84%
634,000		647.14	904.77	\$ 257.63	39.81%
637,000		650.08	908.88	\$ 258.80	39.81%
682,000		694.18	970.53	\$ 276.35	39.81%
737,000		748.08	1,045.88	\$ 297.80	39.81%
738,000		749.06	1,047.25	\$ 298.19	39.81%
757,000		767.68	1,073.28	\$ 305.60	39.81%
932,000		939.18	1,313.03	\$ 373.85	39.81%
970,000		976.42	1,365.09	\$ 388.67	39.81%
974,000		980.34	1,370.57	\$ 390.23	39.81%
980,000		986.22	1,378.79	\$ 392.57	39.81%
1,071,000		1,075.40	1,503.46	\$ 428.06	39.80%
140,000		163.02	227.99	\$ 64.97	39.85%
108,000		131.66	184.15	\$ 52.49	39.87%
Average Usage					
187,702	\$	209.77	\$ 293.34	\$ 83.57	39.84%
Median Usage					
8,000	\$	45.42	\$ 63.59	\$ 18.17	40.00%

Present Rates:

Monthly Minimum: \$ 45.42
 Gallons in Minimum 20,000
 Charge Per 1,000 Gallons
 Up to 9,999,999,999 \$ 0.98

Proposed Rates:

Monthly Minimum: \$ 63.59
 Gallons in Minimum 20,000
 Charge Per 1,000 Gallons
 Up to 9,999,999,999 \$ 1.37

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

Step-One Rate Increase

Muti-family Residential Units (AC SSR Page 4

Exhibit

Schedule H-4

Page 4

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 16.24	\$ 22.74	\$ 6.50	40.02%

Present Rates:

Monthly Minimum: \$ 16.24

Proposed Rates:

Monthly Minimum: \$ 22.74

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification
Step-One Rate Increase

Summary Additional Toilets (CM WS1 Page 5

Exhibit
Schedule H-4
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 5.30	\$ 7.42	\$ 2.12	40.00%

Present Rates:

Monthly Minimum: \$ 5.30

Proposed Rates:

Monthly Minimum: \$ 7.42

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WS1C
Step-One Rate Increase

Exhibit
Schedule H-4
Page 5a
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 5.30	\$ 7.42	\$ 2.12	40.00%

Present Rates:
Monthly Minimum: \$ 5.30

Proposed Rates:
Monthly Minimum: \$ 7.42

Arizona American - Sun City West Sewer
 Bill Comparison
 Customer Classification CM WS1T
 Step-One Rate Increase

Exhibit
 Schedule H-4
 Page 5b
 Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 5.30	\$ 7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%
-	5.30	7.42	\$ 2.12	40.00%

Present Rates:

Monthly Minimum: \$ 5.30

Proposed Rates:

Monthly Minimum: \$ 7.42

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

Step-One Rate Increase

Summary CM WS2 Rates

Exhibit

Schedule H-4

Page 6

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 42.58	\$ 59.61	\$ 17.03	40.00%

Present Rates:

Monthly Minimum: \$ 42.58

Proposed Rates:

Monthly Minimum: \$ 59.61

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WS2C
Step-One Rate Increase

Exhibit
Schedule H-4
Page 6a
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 42.58	\$ 59.61	\$ 17.03	40.00%

Present Rates:
Monthly Minimum: \$ 42.58

Proposed Rates:
Monthly Minimum: \$ 59.61

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WS2T
Step-One Rate Increase

Exhibit
Schedule H-4
Page 6b
Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 42.58	\$ 59.61	\$ 17.03	40.00%

Present Rates:

Monthly Minimum: \$ 42.58

Proposed Rates:

Monthly Minimum: \$ 59.61

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

Step-One Rate Increase

Summary CM WS3 Rates

Exhibit

Schedule H-4

Page 7

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 9.93	\$ 13.90	\$ 3.97	39.98%

Present Rates:

Monthly Minimum: \$ 9.93

Proposed Rates:

Monthly Minimum: \$ 13.90

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

CM WS3C

Step-One Rate Increase

Exhibit

Schedule H-4

Page 7a

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 9.93	\$ 13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%

Present Rates:

Monthly Minimum: \$ 9.93

Proposed Rates:

Monthly Minimum: \$ 13.90

Average Usage

- \$ 9.93 \$ 13.90 \$ 3.97 39.98%

Median Usage

- \$ 9.93 \$ 13.90 \$ 3.97 39.98%

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

CM WS3T

Step-One Rate Increase

Exhibit

Schedule H-4

Page 7b

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 9.93	\$ 13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
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-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%
-	9.93	13.90	\$ 3.97	39.98%

Present Rates:

Monthly Minimum: \$ 9.93

Proposed Rates:

Monthly Minimum: \$ 13.90

Average Usage

- \$ 9.93 \$ 13.90 \$ 3.97 39.98%

Median Usage

- \$ 9.93 \$ 13.90 \$ 3.97 39.98%

Arizona American - Sun City West Sewer

Bill Comparison

Customer Classification

Step-One Rate Increase

Summary CM WS4 Rates

Exhibit

Schedule H-4

Page 8

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 20.81	\$ 29.13	\$ 8.32	39.98%

Present Rates:

Monthly Minimum: \$ 20.81

Proposed Rates:

Monthly Minimum: \$ 29.13

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WS4C
Step-One Rate Increase

Exhibit
Schedule H-4
Page 8a
Witness: Kozoman

<u>Usage</u>		<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$	20.81	\$ 29.13	\$ 8.32	39.98%

Present Rates:

Monthly Minimum: \$ 20.81

Proposed Rates:

Monthly Minimum: \$ 29.13

Arizona American - Sun City West Sewer
Bill Comparison
Customer Classification CM WS4T
Step-One Rate Increase

Exhibit
Schedule H-4
Page 8b
Witness: Kozoman

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 20.81	\$ 29.13	\$ 8.32	39.98%

Present Rates:
Monthly Minimum: \$ 20.81

Proposed Rates:
Monthly Minimum: \$ 29.13

Summary WSR Rates

Exhibit
Schedule H-5
Page 1
Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
		14,349	14,340	14,338	14,325	14,299	14,300	14,295	14,291	14,291	14,301	14,330	14,332	171,791
Totals														
		14,349	14,340	14,338	14,325	14,299	14,300	14,295	14,291	14,291	14,301	14,330	14,332	171,791
Average Usage														
Median Usage														
Average # Customers														
Change in Number of Customers														
14,316														
(17														

CM WSRE

Exhibit
Schedule H-5
Page 1a
Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
		2	2	2	2	2	2	2	2	2	2	2	2	24
Totals														24
Average Usage														
Median Usage														12
Average # Customers														2
Change in Number of Customers														

RS WSRE

Exhibit
Schedule H-5
Page 1b
Witness: Kozol

[illegible]

Average Usage	85883.5	.
Median Usage		.
Average # Customers		14,314
Change in Number of Customers		(17)

Summary SSC Rates

Exhibit
Schedule H-5
Page 2
Witness: Kozoman

[illegible]

CM WSCC

Exhibit
Schedule H-5
Page 2a
Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
		46	46	48	47	46	46	49	47	46	47	46	55	569

[illegible]

CM WSCL

Exhibit
Schedule H-5
Page 2b
Witness: Koza

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
		221	224	222	227	223	223	223	225	223	223	245	245	2,724

	221	224	222	227	223	223	223	225	223	245	245	2,724
Totals												
							Average Usage					
							Median Usage			1362		
							Average # Customers					227
							Change in Number of Customers					24

Arizona American - Sun City West Sewer
Test Year ended December 31, 2001
Customer Classification

CM WS6C

Exhibit
Schedule H-5
Page 3
Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
0	1,000	3	3	3	4	4	4	4	5	4	4	.	.	38
1001	2,000	.	.	.	.	.	.	.	.	.	.	.	.	.
134000	134,000	.	.	.	.	.	.	.	.	.	.	1	.	1
135000	135,000	.	.	.	.	.	.	.	.	.	.	.	2	2
174000	174,000	.	1	.	.	.	.	.	.	.	.	.	.	1
634000	634,000	.	.	.	.	.	.	.	.	.	.	.	2	2
637000	637,000	1	.	.	.	.	.	.	.	.	.	.	.	1
682000	682,000	.	.	.	.	1	.	.	.	.	.	.	.	1
737000	737,000	.	.	.	1	.	.	.	.	.	.	.	.	1
738000	738,000	.	.	.	.	.	.	.	.	.	1	.	.	1
757000	757,000	.	.	.	.	.	.	.	.	.	.	1	.	1
932000	932,000	.	.	.	.	.	.	.	.	1	.	.	.	1
970000	970,000	.	.	.	.	.	.	1	.	.	.	.	.	1
974000	974,000	.	.	.	.	.	.	.	1	.	.	.	.	1
980000	980,000	.	.	.	.	.	1	.	.	.	.	.	.	1
1071000	1,071,000	.	.	1	.	.	.	.	.	.	.	.	.	1
140000	140,000	.	.	.	.	.	.	.	.	.	.	1	.	1
108000	108,000	.	.	.	.	.	.	.	.	.	.	.	2	2

Totals	4	4	4	4	5	5	5	5	6	5	5	3	6	57
														187,702
													28.5	8,000
														5
														2

Average Usage
Median Usage
Average # Customers
Change in Number of Customers

Muti-family Residential Units (AC SSR)

Exhibit
Schedule H-5
Page 4
Witness: Kozom

[illegible]

Summary Additional Toilets (CM WS1)

Exhibit
Schedule H-5
Page 5
Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
		1,107	1,107	1,105	1,121	1,109	1,108	1,123	1,109	1,113	1,111	1,100	1,103	13,316
Totals		1,107	1,107	1,105	1,121	1,109	1,108	1,123	1,109	1,113	1,111	1,100	1,103	13,316

Average Usage	.
Median Usage	.
Average # Customers	6658
Change in Number of Customers	1,110
	(4)

CM WS1C

Exhibit
Schedule H-5
Page 5a
Witness: Kozoman

[illegible]

Totals	909	909	907	923	913	913	913	909	913	911	900	899	10,919
										Average Usage			-
										Median Usage		5459.5	-
										Average # Customers			910
										Change in Number of Customers			(10)

CM WS1T

Exhibit
Schedule H-5
Page 5b
Witness: Kozo

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
		198	198	198	198	196	195	210	200	200	200	200	204	2,397
Totals														
Average Usage														
Median Usage														
Average # Customers														
Change in Number of Customers														

Summary CM WS2 Rates

Exhibit
Schedule H-5
Page 6
Witness: Kozo

Usage From:	Usage To:	Month of <u>Jan-01</u>	Month of <u>Feb-01</u>	Month of <u>Mar-01</u>	Month of <u>Apr-01</u>	Month of <u>May-01</u>	Month of <u>Jun-01</u>	Month of <u>Jul-01</u>	Month of <u>Aug-01</u>	Month of <u>Sep-01</u>	Month of <u>Oct-01</u>	Month of <u>Nov-01</u>	Month of <u>Dec-01</u>	Total Year
		22	22	22	22	22	22	22	22	22	22	22	22	264
Totals														
<div> <div>22</div> <div>22</div> <div>22</div> <div>22</div> <div>22</div> <div>22</div> <div>22</div> <div>22</div> <div>22</div> <div>22</div> <div>22</div> <div>22</div> <div>22</div> <div>22</div> <div>264</div> </div>														
Average Usage														
Median Usage														
Average # Customers														
Change in Number of Customers														

CM WS2C

Page 6a
Witness: Kozoman

[illegible]

CM WS2T

Exhibit
Schedule H-5
Page 6b
Witness: Koza

[illegible]

Totals

Average Usage	30
Median Usage	
Average # Customers	
Change in Number of Customers	

Customer Classification

Page 7

Witness: Kozoman

Usage From:	Usage To:	Month of <u>Jan-01</u>	Month of <u>Feb-01</u>	Month of <u>Mar-01</u>	Month of <u>Apr-01</u>	Month of <u>May-01</u>	Month of <u>Jun-01</u>	Month of <u>Jul-01</u>	Month of <u>Aug-01</u>	Month of <u>Sep-01</u>	Month of <u>Oct-01</u>	Month of <u>Nov-01</u>	Month of <u>Dec-01</u>	Total Year
		3	3	31	34	32	32	32	32	32	32	32	32	327
Totals		3	3	31	34	32	32	32	32	32	32	32	32	327
										Average Usage				
										Median Usage			163.5	
										Average # Customers			27	
										Change in Number of Customers			29	

Exhibit
Schedule H-5
Page 7a
Witness: Kozoman

CM WS3C

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
		1	1	1	4	2	2	2	2	2	2	2	2	23
Totals		1	1	1	4	2	2	2	2	2	2	2	2	23
		Average Usage												
		Median Usage												11.5
		Average # Customers												2
		Change in Number of Customers												1

Exhibit
Schedule H-5
Page 7b
Witness: Kozoman

CM WS3T

[illegible]

Summary CM WS4 Rates

Exhibit
Schedule H-5
Page 8
Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
		10	10	10	10	10	10	10	10	10	10	10	10	120
Totals														
Average Usage														
Median Usage														
Average # Customers														
Change in Number of Customers														

CM WS4C

Exhibit
Schedule H-5
Page 8a
Witness: Kozoman

Usage From:	Usage To:	Month of <u>Jan-01</u>	Month of <u>Feb-01</u>	Month of <u>Mar-01</u>	Month of <u>Apr-01</u>	Month of <u>May-01</u>	Month of <u>Jun-01</u>	Month of <u>Jul-01</u>	Month of <u>Aug-01</u>	Month of <u>Sep-01</u>	Month of <u>Oct-01</u>	Month of <u>Nov-01</u>	Month of <u>Dec-01</u>	Total Year
		9	9	9	9	9	9	9	9	9	9	9	9	108
Totals														
Average Usage														
Median Usage														
Average # Customers														
Change in Number of Customers														

CM WS4T

Exhibit
Schedule H-5
Page 8b
Witness: Kozon

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
		1	1	1	1	1	1	1	1	1	1	1	1	12
Totals														
Average Usage														
Median Usage														
Average # Customers														
Change in Number of Customers														

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Suite 2600
Phoenix, Arizona 85012
Attorneys for Arizona-American
Water Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR INCREASES
IN ITS RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE BY
ITS SUN CITY WEST WATER AND
WASTEWATER DISTRICTS.

WS-01303A-02-0067

DOCKET NO. W-01303A-02-_____
SW-01303A-02-_____

**SCHEDULES
(SUN CITY WEST WATER DISTRICT)**

Arizona American - Sun City West Water
Index of Standard Filing Schedules

Page 1

**Schedule
No.**

-
- | | |
|-----|--|
| A-1 | Summary of the increase in revenue requirement and the spread of the revenue increase by customer classification |
| A-2 | Summary of the results of operations for the test year and for the test year and the two fiscal years ended prior to the end of the test year, compared with the projected year. |
| A-3 | Summary of capital structure for the test year and two fiscal years ended prior to the end of the test year, compared to the projected year |
| A-4 | Construction expenditures and gross utility plant in service for the test year and the two fiscal years ended prior to the end of the test year, compared with the projected year. |
| A-5 | Summary of changes in financial position for the test year and the two fiscal years ended prior to the test year, compared to the projected year |
| B-1 | Schedule showing the elements of original cost and RCND rate bases. |
| B-2 | Schedule listing pro forma adjustments to gross plant in service and accumulated depreciation for the original cost rate base |
| B-3 | Schedule listing pro forma adjustments to gross plant in service and accumulated depreciation for the RCND rate base |
| B-4 | Schedule demonstrating the determination of reproduction cost new less accumulated depreciation for the RCND rate base |
| B-5 | Schedule showing the computation of working capital allowance. |
| C-1 | Test year income statement, with pro forma adjustments. |
| C-2 | Schedule showing the detail of all pro forma adjustments. |
| C-3 | Schedule showing the incremental taxes and other expenses on gross revenues and the computation of an incremental gross revenue conversion factor. |
| D-1 | Summary of Cost of Capital |
| D-2 | Schedule Showing the detail of long-term debt and short-term at the end of the test year and the projected year and their total cost. |
| D-3 | Schedule showing the detail of preferred stock at the end of the test year and the projected year, and their total cost. |
| D-4 | Schedule summarizing conclusions of the required return on common Equity |
| E-1 | Comparative balance sheets for the end of the test year and the two fiscal years ended prior to the end of the test year. |
| E-2 | Comparative income statements for the end of the test year and the two fiscal years ended prior to the end of the test year. |
| E-3 | Comparative statements of changes in financial position for the test year and the two fiscal years ended prior to the test year. |
| E-4 | Statement of changes in stockholder's equity for the test year and the two fiscal years ended prior to the test year. |
| E-5 | Comparative schedule showing by detail account number, utility plant balances at the end of the test year and the end of the prior fiscal year. |
| E-7 | Comparative operating statistics on customers, consumption, revenues, and expenses for the test year and the two fiscal years ending prior to the end of the test year. |

**Arizona American - Sun City West Water
Index of Standard Filing Schedules**

Page 2

**Schedule
No.**

-
- | | |
|-----|---|
| E-8 | Comparative schedule of all significant taxes charged to operations for the test year and the two fiscal years ended prior to the end of the test year. |
| E-9 | Notes to Audited or Compiled Financial Statements |
| F-1 | Projected income statements for the projected year compared with the test year, at present and proposed rates. |
| F-2 | Projected changes in financial position for the projected year compared with the test year, at present and proposed rates |
| F-3 | Projected annual construction requirements by property classification, for one year subsequent to the test year, compared with the test year. |
| F-4 | Important assumption used in preparing forecasts and projections. |
| H-1 | Comparison of revenues by customer classification or other classification of revenue for the test year, at present and proposed rates. |
| H-2 | Comparison of revenues by class of service and by rate schedule for the test year at present and proposed rates |
| H-3 | Present and proposed rates schedules. |
| H-4 | Typical bill analysis. |
| H-5 | Bill counts. |

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Schedule A-1
Page 1
Witness: Bourassa

Line

No.

1	Fair Value Rate Base	\$ 16,407,508
2		
3	Adjusted Operating Income	361,287
4		
5	Current Rate of Return	2.20%
6		
7	Required Operating Income	\$ 1,271,506
8		
9	Required Rate of Return on Fair Value Rate Base	7.75%
10		
11	Operating Income Deficiency	\$ 910,219
12		
13	Gross Revenue Conversion Factor	1.6286
14		
15	Increase in Gross Revenue	
16	Requirement	\$ 1,482,414
17		

18	Customer	Present	Proposed	Dollar	Percent
19	<u>Classification</u>	<u>Rates</u>	<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
20	5/8 Inch Residential	\$ 2,075,364	\$ 2,996,417	\$ 921,054	44.38%
21	3/4 Inch Residential	409	591	182	44.52%
22	1 Inch Residential	40,107	57,961	17,854	44.52%
23	1.5 Inch Residential	511,059	738,930	227,871	44.59%
24	2 Inch Residential	162,940	235,596	72,656	44.59%
25	3 Inch Residential	-	-	-	0.00%
26	4 Inch Residential	117,032	169,278	52,246	44.64%
27	5/8 Inch Commercial	9,572	13,832	4,260	44.50%
28	3/4 Inch Commercial	-	-	-	0.00%
29	1 Inch Commercial	34,155	49,373	15,218	44.56%
30	1.5 Inch Commercial	74,345	107,496	33,151	44.59%
31	2 Inch Commercial	208,910	302,106	93,196	44.61%
32	3 Inch Commercial	51,125	73,939	22,813	44.62%
33	4 Inch Commercial	11,618	16,804	5,186	44.63%
34	6 Inch Commercial	4,923	7,119	2,197	44.62%
35	4 Inch Fire Protection	4,140	5,986	1,846	44.60%
36	6 Inch Fire Protection	11,745	16,983	5,238	44.60%
37	8 Inch Fire Protection	5,040	7,288	2,248	44.60%
38	Miscellaneous Revenues	37,640	37,640	-	0.00%
39	Subtotal Water Revenues	<u>\$ 3,360,124</u>	<u>\$ 4,837,339</u>	<u>\$ 1,477,215</u>	<u>43.96%</u>

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Schedule A-1
Page 2
Witness: Bourassa

Line
No.

1	Revenue Annualization					
2	5/8 Inch Residential	\$	3,500	\$	5,051	\$ 1,551 44.30%
3	3/4 Inch Residential		-		-	
4	1.5 Inch Residential		278		402	124 44.59%
5	2 Inch Residential		(901)		(1,303)	(402) 44.59%
6	3 Inch Residential		-		-	
7	4 Inch Residential		-		-	
8	5/8 Inch Commercial		(246)		(356)	(109) 44.34%
9	3/4 Inch Commercial		-		-	
10	1 Inch Commercial		(440)		(636)	(196) 44.54%
11	1.5 Inch Commercial		1,014		1,466	452 44.58%
12	2 Inch Commercial		5,600		8,098	2,498 44.60%
13	3 Inch Commercial		(4,055)		(5,864)	(1,809) 44.61%
14	4 Inch Commercial		-		-	
15	6 Inch Commercial		-		-	
16	4 Inch Fire Protection		540		781	241 44.60%
17	6 Inch Fire Protection		135		195	60 44.60%
18	8 Inch Fire Protection					
19	Total Revenue Annualization	\$	5,424	\$	7,834	\$ 2,409 44.42%
20	Total Revenues	\$	3,365,549	\$	4,845,173	\$ 1,479,624 43.96%

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42
43

SUPPORTING SCHEDULES:

B-1
C-1
C-3
H-1

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Summary of Results of Operations

Exhibit
Schedule A-2
Page 1
Witness: Bourassa

Line No.	Description	Prior Years Ended			Test Year		Projected Year	
		12/31/98	12/31/99	12/31/00	Actual 12/31/01	Adjusted 12/31/01	Present Rates 12/31/02	Proposed Rates 12/31/02
1	Gross Revenues	\$ 3,527,399	\$ 3,540,905	\$ 3,903,820	\$ 3,637,365	\$ 3,380,774	\$ 3,380,774	\$ 4,860,398
2								
3	Revenue Deductions and	3,016,953	3,486,949	3,607,756	3,089,998	3,019,487	3,019,487	3,590,605
4	Operating Expenses							
5								
6	Operating Income	\$ 510,446	\$ 53,956	\$ 296,064	\$ 547,367	\$ 361,287	\$ 361,287	\$ 1,269,793
7								
8	Other Income and	(5,042)	12,889	49,779	3,534	-	-	-
9	Deductions							
10								
11	Interest Expense			26	5,090,318	516,761	516,761	516,761
12								
13	Net Income	\$ 505,404	\$ 66,845	\$ 345,817	\$ (4,539,417)	\$ (155,474)	\$ (155,474)	\$ 753,032
14								
15	Earned Per Average							
16	Common Share	1.10	0.15	0.75	(9.86)	(0.34)	(0.34)	1.64
17								
18	Dividends Per							
19	Common Share	-	-	-	-	-	-	1.23
20								
21	Payout Ratio	-	-	-	-	-	-	0.75
22								
23	Return on Average							
24	Invested Capital	1.47%	0.15%	0.74%	-13.26%	-0.45%	-0.47%	2.28%
25								
26	Return on Year End							
27	Capital	1.47%	0.12%	0.88%	-13.26%	-0.45%	-0.47%	2.29%
28								
29	Return on Average							
30	Common Equity	3.86%	0.33%	1.64%	-23.84%	-0.73%	-1.18%	5.71%
31								
32	Return on Year End							
33	Common Equity	2.62%	0.32%	1.62%	-27.07%	-0.74%	-1.18%	5.73%
34								
35	Times Bond Interest Earned							
36	Before Income Taxes	-	16,730.25	16,398.65	0.09	0.51	0.51	3.37
37								
38	Times Total Interest and							
39	Preferred Dividends Earned							
40	After Income Taxes	-	8,355.63	13,301.65	0.11	0.70	0.70	2.46
41								
42								
43	<u>SUPPORTING SCHEDULES</u>							
44	C-1							
45	E-2							
46	F-1							

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Summary of Capital Structure

Exhibit
Schedule A-3
Page 1
Witness: Bourassa

Line No.		Prior Years Ended			Test Year	Projected Year
	Description:	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02
1						
2						
3	Long-Term Debt	-	-	-	19,704,931	19,704,931
4						
5	Total Debt	\$ -	\$ -	\$ -	\$ 19,704,931	\$ 19,704,931
6						
7						
8	Preferred Stock	-	-	-	-	-
9						
10	Common Equity	19,277,524	20,961,078	21,306,895	13,136,621	13,136,621
11						
12						
13	Total Capital & Debt	\$ 19,277,524	\$ 20,961,078	\$ 21,306,895	\$ 32,841,552	\$ 32,841,552
14						
15						
16	Capitalization Ratios:					
17						
18	Long-Term Debt	0.00%	0.00%	0.00%	60.00%	60.00%
19						
20	Total Debt	0.00%	0.00%	0.00%	60.00%	60.00%
21						
22						
23	Preferred Stock	-	-	-	-	-
24						
25	Common Equity	100.00%	100.00%	100.00%	40.00%	40.00%
26						
27						
28	Total Capital	100.00%	100.00%	100.00%	100.00%	100.00%
29						
30						
31	Weighted Cost of					
32	Senior Capital	0.00%	0.00%	0.00%	3.15%	3.15%
33						
34						
35						
36						
37						
38	<u>SUPPORTING SCHEDULES:</u>					
39	E-1					
40	D-1					

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Bourassa

Line No.		Construction Expenditures	Net Plant Placed in Service	Gross Utility Plant in Service (a)
1				
2	Prior Year Ended 12/31/1998	-		28,091,019
3				
4	Prior Year Ended 12/31/1999	691,634	773,756	28,864,775
5				
6	Prior Year Ended 12/31/2000	1,084,870	(163,196)	28,701,579
7				
8	Test Year Ended 12/31/2001	605,596	817,211	29,518,790
9				
10	Projected Year Ended 12/31/2002	576,012	576,012	30,094,801
11				
12	(a) Unadjusted			
13				
14				
15	<u>SUPPORTING SCHEDULES:</u>			
16	B-2			
17	E-5			
18	F-3			
19				

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Summary Statements of Cash Flows

Exhibit
Schedule A-5
Page 1
Witness: Bourassa

Line No.		Prior Year Ended 12/31/98	Prior Year Ended 12/31/99	Prior Year Ended 12/31/00	Test Year Ended 12/31/01	Projected Year Present Rates Proposed Rates 12/31/02 12/31/02	
1							
2							
3							
4							
5	Cash Flows from Operating Activities						
6	Net Income	\$ -	\$ 66,837	\$ 345,817	\$ (4,539,417)	\$ (155,474)	\$ 753,032
7	Adjustments to reconcile net income to net cash						
8	provided by operating activities:						
9	Depreciation and Amortization	-	755,407	803,180	827,393	750,150	750,150
10	Deferred Income Taxes	-	1,236,146	857,295	(92,658)		
11	Accumulated Deferred ITC		2,183,461	(1,411,857)	23,747		
12	Changes in Certain Assets and Liabilities:						
13	Accounts Receivable	-	(107,023)	101,055	(491,731)		
14	Materials & Supplies	-	-	-	-		
15	Prepaid Expenses	-	-	-	(68)		
16	Misc Current Assets and Deferred Expense		(125,182)	(30,099)	322,417		
17	Accounts Payable and Accrued Liabilities	-	118,758	43,367	(116,379)		
18	Accrued Income Taxes	-	151,604	(26,151)	(16,447)		
19	Net Cash Flow provided by Operating Activities	\$ -	\$ 4,280,008	\$ 682,607	\$ (4,083,143)	\$ 594,676	\$ 1,503,182
20	Cash Flow From Investing Activities:						
21	Capital Expenditures	-	(691,634)	(1,084,870)	(605,596)	(576,012)	(576,012)
22	Plant Held for Future Use	-	-	-	-		
23	Non-Utility Property	-	-	-	-		
24	Net Cash Flows from Investing Activities	\$ -	\$ (691,634)	\$ (1,084,870)	\$ (605,596)	\$ (576,012)	\$ (576,012)
25	Cash Flow From Financing Activities						
26	(Decrease) Increase in Net Amounts due to Parent and						
27	Affiliates	-	(20,121,545)	15,508,320	5,029,054		
28	Customer Deposits	-	2,019	-	(852)		
29	Changes in Advances for Construction	-	14,731,213	(15,117,052)	(159,995)		
30	Changes in Contributions for Construction	-	183,222	10,995	(179,468)		
31	Proceeds from Long-Term Debt Borrowing	-	-	-	-		
32	Repayments of Long-Term Debt	-	-	-	-		
33	Dividends Paid	-	-	-	-		(564,774)
34	Deferred Financing Costs	-	-	-	-		
35	Paid in Capital		1,616,717	-	-		
36	Net Cash Flows Provided by Financing Activities	\$ -	\$ (3,588,374)	\$ 402,263	\$ 4,688,739	\$ -	\$ (564,774)
37	Increase(decrease) in Cash and Cash Equivalents	-	-	-	-	18,664	362,396
38	Cash and Cash Equivalents at Beginning of Year	-	-	-	-	-	-
39	Cash and Cash Equivalents at End of Year	\$ -	\$ -	\$ -	\$ -	\$ 18,664	\$ 362,396
40							
41							
42							
43	<u>SUPPORTING SCHEDULES:</u>						
44	E-3						
45	F-2						
46							

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Summary of Rate Base

Exhibit
Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	RCND Rate base	Fair Value Rate base (RCND Only)
1				
2	Gross Utility Plant in Service	\$ 31,153,379	\$ 43,820,833	\$ 43,820,833
3	Less: Accumulated Depreciation	6,211,024	8,953,449	8,953,449
4				
5	Net Utility Plant in Service	\$ 24,942,355	\$ 34,867,384	\$ 34,867,384
6				
7	Less:			
8	Advances in Aid of			
9	Construction	12,151,160	17,092,013	17,092,013
10	Contributions in Aid of			
11	Construction - Net of amortization	971,578	1,366,637	1,366,637
12	Customer Meter Deposits	1,225	1,225	1,225
13	Deferred Income Taxes & Credits	-	-	-
14	Investment tax Credits	-	-	-
15	Plus:			
16	Unamortized Finance			
17	Charges	-	-	-
18	Deferred Tax Assets	-	-	-
19	Allowance for Working Capital	-	-	-
20	Citizens Acquisition Adjustment	8,164,652	-	-
21				
22	Total Rate Base	\$ 19,983,043	\$ 16,407,508	\$ 16,407,508

SUPPORTING SCHEDULES:

B-2
B-3
B-5
E-1

RECAP SCHEDULES:

A-1

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Label	Adjustments Amount	Adjusted at end of Test Year
1	Gross Utility				
2	Plant in Service	\$ 30,464,605	(1)	-	\$ 31,153,379
3			(2)	610,000	
4	Less:		(6)	-	
5			(8)	78,774	
6	Accumulated				
7	Depreciation	<u>5,814,088</u>	(3)	396,935	<u>6,211,024</u>
8					
9	Net Utility Plant				
10	in Service	\$ 24,650,516			\$ 24,942,355
11					
12	Less:				
13	Advances in Aid of				
14	Construction (Ratemaking Purposes Only)	13,515,231	(4)	(733,277)	12,151,160
15	Contributions in Aid of		(5)	(630,794)	
16	Construction - Net (Ratemaking	341,274	(4)	(489)	971,578
17	Purposes Only)		(5)	630,794	
18	Customer Meter Deposits	1,225			1,225
19	Deferred Income Taxes	-			-
20	Investment Tax Credits	-			-
21	Plus:				
22	Unamortized Finance				
23	Charges	-			-
24	Deferred Tax Assets	-			-
25	Working capital	-			-
26	Citizens Acquisition Adjustment	-	(7)	8,164,652	8,164,652
27					
28	Total	<u>\$ 10,792,786</u>			<u>\$ 19,983,043</u>
29					
30					
31	(1) Additional Plant at Closing				
32	(2) Plant to be completed by 12/31/2002.				
33	(3) Additional Accumulated Depreciation at Closing				
34	(4) Increase (decrease) AIAC and CIAC to transferred amount.				
35	(5) Adjust AIAC and CIAC for Ratemaking Purposes				
36	(6) Intentionally Left Blank				
37	(7) Acquisition Adjustment Premium				
38	(8) Orcorn Costs				
39					
40	<u>SUPPORTING SCHEDULES:</u>				<u>RECAP SCHEDULES:</u>
41	B-2				B-1

Arizona American - Sun City West Water
Plant Summary with Common Plant Allocation
at December 31, 2001

Exhibit
Schedule B-2
Page 2
Witness: Bourassa

Line No.	Account No.	Description	Original Cost	Accumulated Depreciation
1		Intangible		
2	301.00	Organization	\$ 20,086	\$ -
3	302.00	Franchises	1,588	-
4	303.00	Miscellaneous Intangibles	-	-
5		Subtotal Intangible	\$ 21,674.28	\$ -
6				
7		Source of Supply		
8	310.00	Land and Land Rights	\$ 11,651	\$ -
9	311.00	Structures and Improvements	342,925	101,401
10	312.00	Collecting and Impounding Res.	-	-
11	313.00	Lakes, Rivers, Other Intakes	-	-
12	314.00	Wells and Springs	1,307,051	297,115
13		Subtotal Source of Supply	\$ 1,661,627	\$ 398,515
14				
15		Pumping		
16	320.00	Land and Land Rights	\$ 44,957	\$ -
17	321.00	Structures and Improvements	231,439	70,256
18	323.00	Other Power Production	-	-
19	325.00	Electric Pumping Equipment	4,860,858	2,031,504
20	326.00	Diesel Pumping Equipment	4,505	1,428
21	328.10	Gas Engine Pumping Equipment	1,764	512
22		Subtotal Pumping	\$ 5,143,523	\$ 2,103,700
23				
24		Water Treatment		
25	330.00	Land and Land Rights	\$ -	\$ -
26	331.00	Structures and Improvements	38,357	-
27	332.00	Water Treatment Equipment	149,687	(3,080)
28		Subtotal Water Treatment	\$ 188,045	\$ (3,080)
29				
30		Transmission and Distribution		
31	340.00	Land and Land Rights	\$ -	\$ -
32	341.00	Structures and Improvements	-	-
33	342.00	Distribution, Reservoirs, & ST	624,143	151,245
34	343.00	Transmission and Distribution	11,747,852	2,527,298
35	344.00	Fire Mains	169	21
36	345.00	Services	6,622,166	(351,558)
37	346.00	Meters	1,678,135	332,448
38	348.00	Hydrants	1,682,898	442,355
39	349.00	Other Transmission & Distribution	-	-
40		Subtotal Transmission and Distribution	\$ 22,355,363	\$ 3,101,809
41				
42		ALLOCATED COMMON PLANT	\$ 1,526,371	\$ 305,825
43				
44				
45				
46		ADFUC adjustment 3/95	(431,998)	(92,681)
47		TOTAL WATER PLANT	\$ 30,464,605	\$ 5,814,088

SUPPORTING SCHEDULES

B-2, Page 3

B-2, Page 5

Arizona American - Sun City West Water
Common Plant Allocation
at December 31, 2002

Exhibit
Schedule B-2
Page 3
Witness: Bourassa

Line No.	Account No.	Description	Accumulated		Allocation Factor	Allocated	
			Original Cost	Depreciation		Original Cost	Accumulated Depreciation
1							
2		Maricopa Common Plant					
3	389.00	Land and Land Rights	\$ 4,880	\$ -	0.16732	\$ 817	\$ -
4	390.00	Structures and Improvements	3,349,189	310,963	0.16732	560,392	52,031
5	391.00	Office Furniture and Equipment	997,650	360,503	0.16732	166,928	60,320
6	391.10	Computer Equipment	1,428,345	(434,702)	0.16732	238,993	(72,735)
7	392.00	Transportation Equipment	1,797,409	1,038,162	0.16732	300,746	173,707
8	393.00	Stores Equipment	28,727	7,782	0.16732	4,807	1,302
9	394.00	Tools, Shop and Garage	411,051	18,237	0.16732	68,778	3,051
10	395.00	Laboratory Equipment	130,207	22,954	0.16732	21,787	3,841
11	396.00	Power Operated Equipment	120,325	42,813	0.16732	20,133	7,164
12	397.00	Communication Equipment	577,488	332,600	0.16732	96,626	55,651
13	398.00	Miscellaneous Equipment	277,101	128,455	0.16732	46,365	21,493
14							
15							
16							
17							
18							
19		TOTALCOMMON PLANT	<u>\$ 9,122,373</u>	<u>\$ 1,827,766</u>		<u>\$ 1,526,371</u>	<u>\$ 305,825</u>
20							

SUPPORTING SCHEDULES

B2, Page 4

Arizona American - Maricopa
Common Plant Allocation Basis
at December 31, 2001

Exhibit
Schedule B-2
Page 4
Witness: Bourassa

Line No.	Location	Year End Customer Count	Factor
1			
2	Sun City Water	22,195	0.23835
3	Sun City Sewer	21,144	0.22706
4	Sun City West Water	15,581	0.16732
5	Sun City West WasteWater	14,889	0.15989
6	Agua Fria	13,004	0.13965
7	CWS Water (Anthem)	3,225	0.03463
8	CWR Water (Anthem)	44	0.00047
9	CWS Wastewater (Anthem)	2,542	0.02730
10	CWR Wastewater (Anthem)	2	0.00002
11	Tubac Valley	494	0.00530
12	TOTAL CUSTOMER COUNT	93,120	1.00000
13			
14			
15			

Arizona American - Sun City West Water
Plant Summary
at December 31, 2001

Exhibit
Schedule B-2
Page 5
Witness: Bourassa

Line	Account		Original Cost	Accumulated
No.	No.	Description		Depreciation
1		Intangible		
2	301.00	Organization	\$ 20,086.28	\$ -
3	302.00	Franchises	1,588	-
4	303.00	Miscellaneous Intangibles	-	-
5		Subtotal Intangible	\$ 21,674.28	\$ -
6				
7		Source of Supply		
8	310.00	Land and Land Rights	\$ 11,650.78	\$ -
9	311.00	Structures and Improvements	342,925	101,401
10	312.00	Collecting and Impounding Res.	-	-
11	313.00	Lakes, Rivers, Other Intakes	-	-
12	314.00	Wells and Springs	1,307,051	297,115
13		Subtotal Source of Supply	\$ 1,661,627	\$ 398,515
14				
15		Pumping		
16	320.00	Land and Land Rights	\$ 44,957	\$ -
17	321.00	Structures and Improvements	231,439	70,256
18	323.00	Other Power Production	-	-
19	325.00	Electric Pumping Equipment	4,860,858	2,031,504
20	326.00	Diesel Pumping Equipment	4,505	1,428
21	328.10	Gas Engine Pumping Equipment	1,764	512
22		Subtotal Pumping	\$ 5,143,523	\$ 2,103,700
23				
24		Water Treatment		
25	330.00	Land and Land Rights	\$ -	\$ -
26	331.00	Structures and Improvements	38,357	-
27	332.00	Water Treatment Equipment	149,687	(3,080)
28		Subtotal Water Treatment	\$ 188,045	\$ (3,080)
29				
30		Transmission and Distribution		
31	340.00	Land and Land Rights	\$ -	\$ -
32	341.00	Structures and Improvements	-	-
33	342.00	Distribution, Reservoirs, & ST	624,143	151,245
34	343.00	Transmission and Distribution	11,747,852	2,527,298
35	344.00	Fire Mains	169	21
36	345.00	Services	6,622,166	(351,558)
37	346.00	Meters	1,678,135	332,448
38	348.00	Hydrants	1,682,898	442,355
39	349.00	Other Transmission & Distribution	-	-
40		Subtotal Transmission and Distribution	\$ 22,355,363	\$ 3,101,809
41				
42		General		
43	389.00	Land and Land Rights	\$ -	\$ -
44	390.00	Structures and Improvements	17,268	6,041
45	391.00	Office Furniture and Equipment	28,137	28,245
46	391.10	Computer Equipment	74,599	(3,663)
47	392.00	Transportation Equipment	337,524	207,158
48	393.00	Stores Equipment	487	375
49	394.00	Tools, Shop and Garage	19,641	5,525
50	395.00	Laboratory Equipment	3,767	1,395
51	396.00	Power Operated Equipment	24,298	10,823
52	397.00	Communication Equipment	30,965	31,231
53	398.00	Miscellaneous Equipment	43,870	15,811
54		Subtotal General	\$ 580,556	\$ 302,942
55				
56				
57				
58		ADFUC adjustment 3/95	(431,998)	(92,681)
59		TOTAL WATER PLANT	\$ 29,518,790	\$ 5,811,205
60				
61				
62		* AFUDC Accumulated Depreciation		
63		AFUDC Adjustment	\$ 431,998	
64		Years	6.75	
65		Composite Rate	2.33%	
66		Total	\$ 67,942	
67		Plus A/D @ 3/95 per Staff		24,739
68		Total A/D at 12/2001		\$ 92,681
69				
70		Trended Cost (Trend Factor from 1995)	1.2081	\$ 521,033

SUPPORTING SCHEDULES
B-2, Page 6a-6c

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Arizona American - Sun City West Water
Plant Additions and Retirements
Source: Plant In Service Summary

Exhibit
Schedule B-2
Page 6a
Witness: Bourassa

Line No.	Account	Staff Plant At 3/31/95	1995 Net Plant Additions	1995 Plant Balance	1996 Net Plant Additions	1996 Plant Balance
1						
2	No. Description					
3	Intangible					
4	301.00 Organization	20,086	0	20,086	-	20,086
5	302.00 Franchises	1,676	-	1,676	-	1,676
6	303.00 Miscellaneous Intangibles	-	-	-	-	-
7	Subtotal Intangible	21,762	0	21,762	-	21,762
8						
9	Source of Supply					
10	310.00 Land and Land Rights	11,651	(0)	11,651	-	11,651
11	311.00 Structures and Improvements	285,295	4,761	290,056	55,269	345,325
12	312.00 Collecting and Impounding Res.	-	-	-	-	-
13	313.00 Lakes, Rivers, Other Intakes	-	-	-	-	-
14	314.00 Wells and Springs	692,944	0	692,944	618,438	1,311,382
15	Subtotal Source of Supply	989,890	4,761	994,651	673,707	1,668,358
16						
17	Pumping					
18	320.00 Land and Land Rights	44,957	-	44,957	-	44,957
19	321.00 Structures and Improvements	228,397	(0)	228,397	5,260	233,657
20	323.00 Other Power Production	-	-	-	-	-
21	325.00 Electric Pumping Equipment	3,485,513	210,127	3,695,640	513,411	4,209,050
22	326.00 Diesel Pumping Equipment	913	0	913	4,205	5,119
23	328.10 Gas Engine Pumping Equipment	429	683	1,112	693	1,805
24	Subtotal Pumping	3,760,209	210,810	3,971,019	523,569	4,494,587
25						
26	Water Treatment					
27	330.00 Land and Land Rights	-	-	-	-	-
28	331.00 Structures and Improvements	20,012	(0)	20,012	18,569	38,581
29	332.00 Water Treatment Equipment	119,409	6,995	126,404	41,048	167,452
30	Subtotal Water Treatment	139,421	6,995	146,416	59,617	206,033
31						
32	Transmission and Distribution					
33	340.00 Land and Land Rights	-	-	-	-	-
34	341.00 Structures and Improvements	-	-	-	-	-
35	342.00 Distribution, Reservoirs, & ST	638,531	0	638,531	-	638,531
36	343.00 Transmission and Distribution	10,110,289	499,322	10,609,611	399,342	11,008,954
37	344.00 Fire Mains	169	-	169	-	169
38	345.00 Services	5,076,981	697,706	5,774,687	1,061,636	6,836,323
39	346.00 Meters	1,370,167	39,070	1,409,237	192,404	1,601,641
40	348.00 Hydrants	1,422,680	70,748	1,493,428	74,712	1,568,140
41	349.00 Other Transmission & Distribution	-	-	-	-	-
42	Subtotal Transmission and Distribution	18,618,817	1,306,847	19,925,664	1,728,094	21,653,758
43						
44	General					
45	389.00 Land and Land Rights	-	-	-	-	-
46	390.00 Structures and Improvements	17,268	-	17,268	-	17,268
47	391.00 Office Furniture and Equipment	94,425	8,136	102,561	-	102,561
48	391.10 Computer Equipment	-	-	-	-	-
49	392.00 Transportation Equipment	265,428	25,251	290,679	24,789	315,468
50	393.00 Stores Equipment	487	0	487	-	487
51	394.00 Tools, Shop and Garage	23,426	(0)	23,426	145	23,571
52	395.00 Laboratory Equipment	4,359	0	4,359	-	4,359
53	396.00 Power Operated Equipment	24,055	1,216	25,271	-	25,271
54	397.00 Communication Equipment	32,563	(0)	32,563	-	32,563
55	398.00 Miscellaneous Equipment	24,607	0	24,607	-	24,607
56	Subtotal General	486,618	34,604	521,222	24,934	546,156
57						
58						
59						
60	ADFUC adjustment 3/95	(431,998)		(431,998)		(431,998)
61	TOTAL WATER PLANT	23,584,719	1,564,017	25,148,736	3,009,921	28,158,656

Arizona American - Sun City West Water
Plant Additions and Retirements
Source: Plant In Service Summary

Exhibit
Schedule B-2
Page 6b
Witness: Bourassa

Line No.	Account	1997 Net Plant Additions	1997 Plant Balance	1998 Net Plant Additions	1998 Plant Balance	1999 Net Plant Additions	1999 Plant Balance
1	No. Description						
2	Intangible						
3							
4	301.00 Organization	-	20,086	-	20,086	-	20,086
5	302.00 Franchises	(88)	1,588	-	1,588	-	1,588
6	303.00 Miscellaneous Intangibles	-	-	-	-	-	-
7	Subtotal Intangible	(88)	21,674	-	21,674	-	21,674
8							
9	Source of Supply						
10	310.00 Land and Land Rights	-	11,651	-	11,651	-	11,651
11	311.00 Structures and Improvements	(1,790)	343,535	(255)	343,281	-	343,281
12	312.00 Collecting and Impounding Res.	-	-	924	924	-	924
13	313.00 Lakes, Rivers, Other Intakes	-	-	-	-	-	-
14	314.00 Wells and Springs	(16,190)	1,295,192	15,676	1,310,868	5,270	1,316,138
15	Subtotal Source of Supply	(17,980)	1,650,378	16,346	1,666,724	5,270	1,671,994
16							
17	Pumping						
18	320.00 Land and Land Rights	-	44,957	-	44,957	-	44,957
19	321.00 Structures and Improvements	(4,456)	229,200	2,239	231,439	-	231,439
20	323.00 Other Power Production	-	-	-	-	-	-
21	325.00 Electric Pumping Equipment	269,373	4,478,423	138,187	4,616,610	82,055	4,698,665
22	326.00 Diesel Pumping Equipment	(68)	5,050	(546)	4,505	-	4,505
23	328.10 Gas Engine Pumping Equipment	(46)	1,759	5	1,764	-	1,764
24	Subtotal Pumping	264,802	4,759,389	139,886	4,899,275	82,055	4,981,330
25							
26	Water Treatment						
27	330.00 Land and Land Rights	-	-	-	-	-	-
28	331.00 Structures and Improvements	(249)	38,332	26	38,358	-	38,358
29	332.00 Water Treatment Equipment	(24,892)	142,560	941	143,501	2,579	146,079
30	Subtotal Water Treatment	(25,141)	180,892	967	181,859	2,579	184,438
31							
32	Transmission and Distribution						
33	340.00 Land and Land Rights	-	-	-	-	-	-
34	341.00 Structures and Improvements	-	-	-	-	-	-
35	342.00 Distribution, Reservoirs, & ST	(16,099)	622,433	1,711	624,143	-	624,143
36	343.00 Transmission and Distribution	123,131	11,132,085	3,491	11,135,576	159,558	11,295,133
37	344.00 Fire Mains	-	169	-	169	-	169
38	345.00 Services	(157,738)	6,678,585	(413,917)	6,264,668	404,856	6,669,523
39	346.00 Meters	115,320	1,716,961	(120,074)	1,596,888	46,451	1,643,339
40	348.00 Hydrants	8,837	1,576,978	7,783	1,584,761	33,455	1,618,216
41	349.00 Other Transmission & Distribution	-	-	-	-	-	-
42	Subtotal Transmission and Distribution	73,452	21,727,210	(521,006)	21,206,204	644,320	21,850,524
43							
44	General						
45	389.00 Land and Land Rights	-	-	-	-	-	-
46	390.00 Structures and Improvements	-	17,268	-	17,268	-	17,268
47	391.00 Office Furniture and Equipment	(79,933)	22,628	5,510	28,137	-	28,137
48	391.10 Computer Equipment	68,382	68,382	-	68,382	-	68,382
49	392.00 Transportation Equipment	21,261	336,729	(29,313)	307,416	39,532	346,948
50	393.00 Stores Equipment	(0)	487	-	487	-	487
51	394.00 Tools, Shop and Garage	(5,437)	18,133	1,508	19,641	-	19,641
52	395.00 Laboratory Equipment	(605)	3,754	12	3,767	-	3,767
53	396.00 Power Operated Equipment	(1,089)	24,182	116	24,298	-	24,298
54	397.00 Communication Equipment	(1,783)	30,780	184	30,965	-	30,965
55	398.00 Miscellaneous Equipment	(1,238)	23,369	23,551	46,920	-	46,920
56	Subtotal General	(442)	545,714	1,568	547,281	39,532	586,813
57							
58							
59							
60	ADJUC adjustment 3/95	-	(431,998)	-	(431,998)	-	(431,998)
61	TOTAL WATER PLANT	294,602	28,453,258	(362,239)	28,091,019	773,756	28,864,775

Line No.	Account	2000 Net Plant Additions	2000 Plant Balance	2001 Net Plant Additions	2001 Plant Balance
1	Account				
2	No. Description				
3	Intangible				
4	301.00 Organization	-	20,086	-	20,086
5	302.00 Franchises	-	1,588	-	1,588
6	303.00 Miscellaneous Intangibles	-	-	-	-
7	Subtotal Intangible	-	21,674	-	21,674
8					
9	Source of Supply				
10	310.00 Land and Land Rights	-	11,651	-	11,651
11	311.00 Structures and Improvements	(355)	342,925	-	342,925
12	312.00 Collecting and Impounding Res.	-	924	(924)	-
13	313.00 Lakes, Rivers, Other Intakes	-	-	-	-
14	314.00 Wells and Springs	(10,012)	1,306,127	924	1,307,051
15	Subtotal Source of Supply	(10,367)	1,661,627	0	1,661,627
16					
17	Pumping				
18	320.00 Land and Land Rights	-	44,957	-	44,957
19	321.00 Structures and Improvements	-	231,439	-	231,439
20	323.00 Other Power Production	-	-	-	-
21	325.00 Electric Pumping Equipment	82,140	4,780,805	80,053	4,860,858
22	326.00 Diesel Pumping Equipment	-	4,505	-	4,505
23	328.10 Gas Engine Pumping Equipment	-	1,764	-	1,764
24	Subtotal Pumping	82,140	5,063,470	80,053	5,143,523
25					
26	Water Treatment				
27	330.00 Land and Land Rights	-	-	-	-
28	331.00 Structures and Improvements	-	38,358	(1)	38,357
29	332.00 Water Treatment Equipment	720	146,800	2,888	149,687
30	Subtotal Water Treatment	720	185,158	2,887	188,045
31					
32	Transmission and Distribution				
33	340.00 Land and Land Rights	-	-	-	-
34	341.00 Structures and Improvements	-	-	-	-
35	342.00 Distribution, Reservoirs, & ST	-	624,143	-	624,143
36	343.00 Transmission and Distribution	174,596	11,469,729	278,123	11,747,852
37	344.00 Fire Mains	-	169	-	169
38	345.00 Services	(446,806)	6,222,717	399,449	6,622,166
39	346.00 Meters	(21,322)	1,622,017	56,118	1,678,135
40	348.00 Hydrants	29,143	1,647,359	35,538	1,682,898
41	349.00 Other Transmission & Distribution	-	-	-	-
42	Subtotal Transmission and Distribution	(264,389)	21,586,135	769,228	22,355,363
43					
44	General				
45	389.00 Land and Land Rights	-	-	-	-
46	390.00 Structures and Improvements	-	17,268	-	17,268
47	391.00 Office Furniture and Equipment	1,607	29,744	(1,607)	28,137
48	391.10 Computer Equipment	25,641	94,024	(19,425)	74,599
49	392.00 Transportation Equipment	(1,747)	345,201	(7,677)	337,524
50	393.00 Stores Equipment	-	487	-	487
51	394.00 Tools, Shop and Garage	-	19,641	-	19,641
52	395.00 Laboratory Equipment	-	3,767	-	3,767
53	396.00 Power Operated Equipment	-	24,298	-	24,298
54	397.00 Communication Equipment	3,199	34,164	(3,199)	30,965
55	398.00 Miscellaneous Equipment	-	46,920	(3,049)	43,870
56	Subtotal General	28,700	615,513	(34,957)	580,556
57					
58					
59					
60	ADFUC adjustment 3/95		(431,998)		(431,998)
61	TOTAL WATER PLANT	(163,196)	28,701,579	817,211	29,518,790

Arizona American
Acquisition Adjustment Allocation Factors
at December 31, 2001

Exhibit
Schedule B-2
Page 7
Witness: Bourassa

Line
No.

1	Citizens Acquisition Adjustment per Closing	\$ 71,224,550
2	Plus: Organizational Costs	912,534
3	Less: Sun City Sewer (Tolleson Trickling Filter)	500,000
4	Citizens Acquisition Adjustment	<u>\$ 71,637,084</u>

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Description

Plant

Original Cost (2)

**Allocation
Factor**

**Allocated
Amount**

Sun City Water	\$ 36,367,124	0.136055	\$ 9,746,553
Sun City Wastewater	19,643,850	0.073490	5,264,640
Sun City West Water	30,464,605	0.113972	8,164,652
Sun City West WasteWater	38,810,451	0.145195	10,401,376
Agua Fria (1)	49,647,296	0.185738	13,305,699
CWS Water (Anthem)	6,227,303	0.023297	1,668,945
CWR Water (Anthem)	34,987,898	0.130895	9,376,914
CWS Wastewater (Anthem)	17,004,194	0.063615	4,557,201
CWR Wastewater (Anthem)	5,887,108	0.022025	1,577,772
Tubac Valley	1,981,996	0.007415	531,184
Mohave Sewer (Sorenson)	1,480,997	0.005541	396,914
Mohave Water	22,842,642	0.085458	6,121,931
Havasu Water	1,952,588	0.007305	523,302
Totals	<u>\$ 267,298,052</u>	<u>1.000000</u>	<u>\$ 71,637,084</u>

(1) Adjusted for Post Close Plant Adjustments of \$ 4,128,730

(2) After Common Plant Adjustments

SUPPORTING SCHEDULES

B2, Page 1 (Agua Fria Post Close Plant Adjustments)

B2, Page2

Arizona American - Sun City West Water
Plant Additions and Retirements
Source: Asset Transactions, AWW UPIS Report, Asset Balance Report
2001 Reconciliation to AWW UPIS Report at Closing
PROFORMA ADJUSTMENTS

Schedule B-2
Page 8
Witness: Bourassa

Line No.	Account	Balance Per AWW UPIS at Closing	Balance Per ACC Report	Additional Plant at Closing	AWW UPIS Accumulated Depreciation	ACC Report Accumulated Depreciation	Additional Accumulated Depreciation
1	Intangible						
2	301.00 Organization	20,086	20,086	-	-	-	-
3	302.00 Franchises	1,588	1,588	-	-	-	-
4	303.00 Miscellaneous Intangibles	-	-	-	-	-	-
5	Subtotal Intangible	<u>21,674</u>	<u>21,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6	Source of Supply						
7	310.00 Land and Land Rights	11,651	11,651	-	-	-	-
8	311.00 Structures and Improvements	342,925	342,925	-	105,685	101,401	4,284
9	312.00 Collecting and Impounding Res.	-	-	-	-	-	-
10	313.00 Lakes, Rivers, Other Intakes	-	-	-	-	-	-
11	314.00 Wells and Springs	1,307,051	1,307,051	-	313,577	297,115	16,462
12	Subtotal Source of Supply	<u>1,661,627</u>	<u>1,661,627</u>	<u>-</u>	<u>419,262</u>	<u>398,515</u>	<u>20,746</u>
13	Pumping						
14	320.00 Land and Land Rights	44,957	44,957	-	-	-	-
15	321.00 Structures and Improvements	231,439	231,439	-	72,188	70,256	1,932
16	323.00 Other Power Production	-	-	-	-	-	-
17	325.00 Electric Pumping Equipment	4,860,858	4,860,858	-	2,138,883	2,031,504	107,380
18	326.00 Diesel Pumping Equipment	4,505	4,505	-	1,528	1,428	100
19	328.10 Gas Engine Pumping Equipment	1,764	1,764	-	551	512	39
20	Subtotal Pumping	<u>5,143,523</u>	<u>5,143,523</u>	<u>-</u>	<u>2,213,150</u>	<u>2,103,700</u>	<u>109,450</u>
21	Water Treatment						
22	330.00 Land and Land Rights	-	-	-	-	-	-
23	331.00 Structures and Improvements	38,357	38,357	-	6,456	-	6,456
24	332.00 Water Treatment Equipment	149,687	149,687	-	(6,223)	(3,080)	(3,143)
25	Subtotal Water Treatment	<u>188,045</u>	<u>188,045</u>	<u>-</u>	<u>232</u>	<u>(3,080)</u>	<u>3,312</u>
26	Transmission and Distribution						
27	340.00 Land and Land Rights	-	-	-	-	-	-
28	341.00 Structures and Improvements	-	-	-	-	-	-
29	342.00 Distribution, Reservoirs, & ST	624,143	624,143	-	156,455	151,245	5,209
30	343.00 Transmission and Distribution	11,747,852	11,747,852	-	2,617,129	2,527,298	89,831
31	344.00 Fire Mains	169	169	-	22	21	1
32	345.00 Services	6,622,166	6,622,166	-	(269,477)	(351,558)	82,081
33	346.00 Meters	1,678,135	1,678,135	-	353,499	332,448	21,051
34	348.00 Hydrants	1,682,898	1,682,898	-	459,176	442,355	16,821
35	349.00 Other Transmission & Distribution	-	-	-	-	-	-
36	Subtotal Transmission and Distribution	<u>22,355,363</u>	<u>22,355,363</u>	<u>-</u>	<u>3,316,804</u>	<u>3,101,809</u>	<u>214,995</u>
37	General						
38	389.00 Land and Land Rights	-	-	-	-	-	-
39	390.00 Structures and Improvements	17,268	17,268	-	6,185	6,041	144
40	391.00 Office Furniture and Equipment	28,137	28,137	-	28,890	28,245	645
41	391.10 Computer Equipment	74,599	74,599	-	(1,952)	(3,663)	1,711
42	392.00 Transportation Equipment	337,524	337,524	-	249,331	207,158	42,174
43	393.00 Stores Equipment	487	487	-	385	375	10
44	394.00 Tools, Shop and Garage	19,641	19,641	-	5,919	5,525	394
45	395.00 Laboratory Equipment	3,767	3,767	-	1,465	1,395	70
46	396.00 Power Operated Equipment	24,298	24,298	-	11,433	10,823	610
47	397.00 Communication Equipment	30,965	30,965	-	32,825	31,231	1,594
48	398.00 Miscellaneous Equipment	43,870	43,870	-	16,892	15,811	1,081
49	Subtotal General	<u>580,556</u>	<u>580,556</u>	<u>-</u>	<u>351,374</u>	<u>302,942</u>	<u>48,432</u>
50	TOTAL WATER PLANT	<u>29,950,788</u>	<u>29,950,788</u>	<u>-</u>	<u>6,300,822</u>	<u>5,903,886</u>	<u>396,935</u>

Arizona American - Sun City West Water
2002 Proforma Plant
at December 31, 2001

Exhibit
Schedule B-2
Page 9
Witness: Bourassa

Line	Account		
No.	No.	Description	Amount
1			
2	301	Organization	\$ -
3	302	Franchises	-
4	303	Land and Land Rights	-
5	304	Structures and Improvements	14,800
6	305	Collecting and Impounding Rese	-
7	306	Lake, River and Other Intakes	-
8	307	Wells and Springs	62,960
9	308	Infiltration Galleries and Tun	-
10	309	Supply Mains	-
11	310	Power Generation Equipment	-
12	311	Pumping Equipment	169,440
13	320	Water Treatment Equipment	-
14	330	Distribution Reservoirs and St	174,000
15	331	Transmission and Distribution	30,000
16	333	Services	-
17	334	Meters and Meter Installations	-
18	335	Hydrants	-
19	336	Backflow Prevention Devices	-
20	339	Other Plant and Miscellaneous	-
21	340	Office Furniture and Equipment	119,300
22	341	Transportation Equipment	17,600
23	342	Stores Equipment	-
24	343	Tools, Shop and Garage Equipme	-
25	344	Laboratory Equipment	-
26	345	Power Operated Equipment	-
27	346	Communication Equipment	21,900
28	347	Miscellaneous Equipment	-
29	348	Other Tangible Plant	-
30			
31			
32			
33		TOTAL WASTEWATER PLANT	\$ 610,000
34			
35		<u>SUPPORTING SCHEDULES</u>	
36			
37			
38			
39			
40			

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
RCND Rate Base Proforma Adjustments

Exhibit
Schedule B-3
Page 1
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustments Label	Amount	Adjusted at end of Test Year
1	Gross Utility				
2	Plant in Service	\$ 43,132,059	(1)	-	\$ 43,820,833
3			(2)	610,000	
4	Less:		(6)	-	
5			(7)	78,774	
6	Accumulated				
7	Depreciation	<u>8,556,514</u>	(3)	396,935	<u>8,953,449</u>
8					
9	Net Utility Plant				
10	in Service	\$ 34,575,545			\$ 34,867,384
11					
12	Less:				
13	Advances in Aid of				
14	Construction (Ratemaking Purposes Only)	19,010,737	(4)	(1,031,439)	17,092,013
15	Contributions in Aid of		(5)	(887,284)	
16	Construction - Net (Ratemaking	480,041	(4)	(688)	1,366,637
17	Purposes Only)		(5)	887,284	
18	Customer Meter Deposits	1,225			1,225
19	Deferred Income Taxes	-			-
20	Investment Tax Credits	-			-
21	Plus:				
22	Unamortized Finance				
23	Charges	-			-
24	Deferred Tax Assets	-			-
25	Working capital	-			-
26	Citizens Acquisition Adjustment	-			-
27					
28	Total	<u>\$ 15,083,542</u>			<u>\$ 16,407,508</u>
29					
30					
31	(1) Additional Plant at Closing				
32	(2) Plant to be completed by 12/31/2002.				
33	(3) Additional Accumulated Depreciation at Closing				
34	(4) Increase (decrease) AIAC and CIAC to amount at Closing (Trended)				
35	(5) Adjust 5% of AIAC to CIAC for Ratemaking Purposes				
36	(6) Intentionally Left Blank				
37	(7) OrCom Costs				
38					
39	<u>SUPPORTING SCHEDULES:</u>				<u>RECAP SCHEDULES:</u>
40	B-4				B-1
41					

Arizona American - Sun City West Water
RCND Plant Summary with Common Plant Allocation
at December 31, 2001

Exhibit
Schedule B-4
Page 1
Witness: Bourassa

Line	Account		Trended Reproduction Cost New	Accumulated Depreciation
No.	No.	Description		
1		Intangible		
2	301.00	Organization	\$ 32,145	\$ -
3	302.00	Franchises	2,149	-
4	303.00	Miscellaneous Intangibles	-	-
5		Subtotal Intangible	\$ 34,293.63	\$ -
6				
7		Source of Supply		
8	310.00	Land and Land Rights	\$ 18,280.50	\$ -
9	311.00	Structures and Improvements	495,285	146,453
10	312.00	Collecting and Impounding Res.	-	-
11	313.00	Lakes, Rivers, Other Intakes	-	-
12	314.00	Wells and Springs	1,715,871	390,046
13		Subtotal Source of Supply	\$ 2,229,437	\$ 536,499
14				
15		Pumping		
16	320.00	Land and Land Rights	\$ 74,089	\$ -
17	321.00	Structures and Improvements	391,321	118,790
18	323.00	Other Power Production	-	-
19	325.00	Electric Pumping Equipment	6,824,428	2,852,141
20	326.00	Diesel Pumping Equipment	5,597	1,775
21	328.10	Gas Engine Pumping Equipment	2,124	617
22		Subtotal Pumping	\$ 7,297,559	\$ 2,973,322
23				
24		Water Treatment		
25	330.00	Land and Land Rights	\$ -	\$ -
26	331.00	Structures and Improvements	50,878	-
27	332.00	Water Treatment Equipment	187,608	(3,860)
28		Subtotal Water Treatment	\$ 238,486	\$ (3,860)
29				
30		Transmission and Distribution		
31	340.00	Land and Land Rights	\$ -	\$ -
32	341.00	Structures and Improvements	-	-
33	342.00	Distribution, Reservoirs, & ST	1,033,423	250,424
34	343.00	Transmission and Distribution	18,287,917	3,934,252
35	344.00	Fire Mains	260	32
36	345.00	Services	8,229,925	(436,911)
37	346.00	Meters	2,262,959	448,305
38	348.00	Hydrants	2,512,461	660,409
39	349.00	Other Transmission & Distribution	-	-
40		Subtotal Transmission and Distribution	\$ 32,326,945	\$ 4,856,511
41				
42		ALLOCATED COMMON PLANT	\$ 1,526,371	\$ 305,825
43				
44				
45				
46		ADFUC adjustment 3/95	(521,033)	(111,783)
47		TOTAL WATER PLANT	\$ 43,132,059	\$ 8,556,514

SUPPORTING SCHEDULES

B-4, Page 2

B-4, Page 3

Arizona American - Sun City West Water
RCND Common Plant Allocation
at December 31, 2002

Exhibit
Schedule B-4
Page 2
Witness: Bourassa

Line	Account		Original Cost	Accumulated	Allocation	Allocated	Allocated
No.	No.	Description		Depreciation	Factor	Original Cost	Accumulated
1							
2		Maricopa Common Plant					
3	389.00	Land and Land Rights	\$ 4,880	\$ -	0.16732	\$ 817	\$ -
4	390.00	Structures and Improvements	3,349,189	310,963	0.16732	560,392	52,031
5	391.00	Office Furniture and Equipment	997,650	360,503	0.16732	166,928	60,320
6	391.10	Computer Equipment	1,428,345	(434,702)	0.16732	238,993	(72,735)
7	392.00	Transportation Equipment	1,797,409	1,038,162	0.16732	300,746	173,707
8	393.00	Stores Equipment	28,727	7,782	0.16732	4,807	1,302
9	394.00	Tools, Shop and Garage	411,051	18,237	0.16732	68,778	3,051
10	395.00	Laboratory Equipment	130,207	22,954	0.16732	21,787	3,841
11	396.00	Power Operated Equipment	120,325	42,813	0.16732	20,133	7,164
12	397.00	Communication Equipment	577,488	332,600	0.16732	96,626	55,651
13	398.00	Miscellaneous Equipment	277,101	128,455	0.16732	46,365	21,493
14							
15							
16							
17							
18							
19		TOTALCOMMON PLANT	<u>\$ 9,122,373</u>	<u>\$ 1,827,766</u>		<u>\$ 1,526,371</u>	<u>\$ 305,825</u>

SUPPORTING SCHEDULES

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Arizona American - Sun City West Water
RCND Plant Summary
at December 31, 2001

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Schedule B-4
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Witness: Bourassa

Line	Account	Trended	Accumulated
No.	No. Description	Reproduction Cost New	Depreciation
1	Intangible		
2	301.00 Organization	\$ 32,145	\$ -
3	302.00 Franchises	2,149	-
4	303.00 Miscellaneous Intangibles	-	-
5	Subtotal Intangible	\$ 34,293.63	\$ -
6			
7	Source of Supply		
8	310.00 Land and Land Rights	\$ 18,280.50	\$ -
9	311.00 Structures and Improvements	495,285	146,453
10	312.00 Collecting and Impounding Res.	-	-
11	313.00 Lakes, Rivers, Other Intakes	-	-
12	314.00 Wells and Springs	1,715,871	390,046
13	Subtotal Source of Supply	\$ 2,229,437	\$ 536,499
14			
15	Pumping		
16	320.00 Land and Land Rights	\$ 74,089	\$ -
17	321.00 Structures and Improvements	391,321	118,790
18	323.00 Other Power Production	-	-
19	325.00 Electric Pumping Equipment	6,824,428	2,852,141
20	326.00 Diesel Pumping Equipment	5,597	1,775
21	328.10 Gas Engine Pumping Equipment	2,124	617
22	Subtotal Pumping	\$ 7,297,559	\$ 2,973,322
23			
24	Water Treatment		
25	330.00 Land and Land Rights	\$ -	\$ -
26	331.00 Structures and Improvements	50,878	-
27	332.00 Water Treatment Equipment	187,608	(3,860)
28	Subtotal Water Treatment	\$ 238,486	\$ (3,860)
29			
30	Transmission and Distribution		
31	340.00 Land and Land Rights	\$ -	\$ -
32	341.00 Structures and Improvements	-	-
33	342.00 Distribution, Reservoirs, & ST	1,033,423	250,424
34	343.00 Transmission and Distribution	18,287,917	3,934,252
35	344.00 Fire Mains	260	32
36	345.00 Services	8,229,925	(436,911)
37	346.00 Meters	2,262,959	448,305
38	348.00 Hydrants	2,512,461	660,409
39	349.00 Other Transmission & Distribution	-	-
40	Subtotal Transmission and Distribution	\$ 32,326,945	\$ 4,856,511
41			
42	General		
43	389.00 Land and Land Rights	\$ -	\$ -
44	390.00 Structures and Improvements	31,886	11,155
45	391.00 Office Furniture and Equipment	46,777	46,956
46	391.10 Computer Equipment	88,055	(4,324)
47	392.00 Transportation Equipment	381,047	233,870
48	393.00 Stores Equipment	796	613
49	394.00 Tools, Shop and Garage	26,508	7,456
50	395.00 Laboratory Equipment	5,290	1,980
51	396.00 Power Operated Equipment	32,146	14,319
52	397.00 Communication Equipment	43,571	43,946
53	398.00 Miscellaneous Equipment	56,376	20,318
54	Subtotal General	\$ 712,451	\$ 376,270
55			
56			
57			
58	ADFUC adjustment 3/95	(521,033)	(111,783)
59	TOTAL WATER PLANT	\$ 42,318,138	\$ 8,626,958
60			
61			
62	* AFUDC Accumulated Depreciation		
63	AFUDC Adjustment	\$ 431,998	
64	Years	6.75	
65	Composite Rate	2.33%	
66	Total	\$ 67,942	
67	Plus A/D @ 3/95 per Staff	24,739	
68	Total A/D at 12/2001	\$ 92,681	
69			
70	Trended Cost (Trend Factor from 1995)	1.2061	\$ 521,033
71			
72	SUPPORTING SCHEDULES		
73	B-4, Page 4+		
74			
75			

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**RCN Asset Listing
Plant at 12/31/2001**

**Exhibit
Schedule B-4
Page 4 - 1
Witness: Bourassa**

Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W30100 Organization						
1677120	UNIDENTIFIED	2	19790701	5,716.00	2.0525	11,732.09
1677298	UNIDENTIFIED	1	19810101	2,194.00	1.7464	3,831.60
1678656	ORGANIZATION	0	19900315	471.28	1.3930	656.49
1678419	ORGANIZATION	0	19910715	68.00	1.3605	92.51
1678420	ORGANIZATION	0	19910715	2,726.00	1.3605	3,708.72
1678421	ORGANIZATION	0	19910715	1,891.00	1.3605	2,572.71
1678422	ORGANIZATION	0	19910715	3,007.00	1.3605	4,091.02
1678423	ORGANIZATION	0	19910715	388.00	1.3605	527.87
1678424	ORGANIZATION	0	19910715	27.00	1.3605	36.73
1678425	ORGANIZATION	0	19910715	2,753.00	1.3605	3,745.46
1678657	ORGANIZATION	0	19910715	510.00	1.3605	693.86
1678658	ORGANIZATION	0	19910715	335.00	1.3605	455.77
Total for class W30100:				20,086.28		32,144.83
Asset Class: W30200 Franchises						
1677121	UNIDENTIFIED	1	19790701	224.00	2.0525	459.76
1677299	UNIDENTIFIED	1	19810101	18.00	1.7464	31.44
1679404	FRANCHISES & CON	2	19941015	1,346.00	1.2315	1,657.60
Total for class W30200:				1,588.00		2,148.80
Asset Class: W31000 Land and Land Rights						
1677454	PARCEL EACH	1	19830101	1,814.00	1.6480	2,989.47
1677516	PARCEL EACH	1	19840101	7,547.00	1.6028	12,096.33
1677517	INTEREST PRIVILE	1	19840101	11.00	1.6028	17.63
1677518	INTEREST PRIVILE	1	19840101	13.00	1.6028	20.84
1678659	PARCEL EACH	1	19900315	2,265.78	1.3930	3,156.23
Total for class W31000:				11,650.78		18,280.50
Asset Class: W31100 Structures and Improvements						
1677134	GRADING EACH LOT	1	19790701	92.00	2.0525	188.83
1677227	PARTITION EACH	1	19800701	2,437.00	1.8282	4,455.32
1677228	FLOORING EACH	1	19800701	2,667.00	1.8282	4,875.81
1677229	CEILING EACH	1	19800701	74.00	1.8282	135.29
1677230	DOOR INTERIOR OR	1	19800701	3,580.00	1.8282	6,544.96
1677231	SIGN	1	19800701	64.00	1.8282	117.00
1677234	SPRINKLER SYSTEM	1	19800701	274.00	1.8282	500.93

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RCN Asset Listing Plant at 12/31/2001

Exhibit
Schedule B-4
Page 4 - 2
Witness: Bourassa

Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W31100 Structures and Improvements						
1677236	KITCHEN UNIT EAC	1	19800701	1,551.00	1.8282	2,835.54
1677237	FOUNTAIN EACH	1	19800701	477.00	1.8282	872.05
1677389	FENCE EACH	1	19820101	568.00	1.7206	977.30
1677468	FENCE EACH	200	19830101	5,765.00	1.6480	9,500.72
1677519	FOUNDATION AND S	1	19840317	12,321.00	1.6028	19,748.10
1677523	PIPING OVER 3IN	1	19840317	6,453.00	1.6028	10,342.87
1677524	GRADING EACH LOT	1	19840317	3,081.00	1.6028	4,938.23
1677528	DRIVEWAY	1	19840317	327.00	1.6028	524.12
1677529	FENCE EACH	577	19840317	21,951.00	1.6028	35,183.06
1677710	MINOR STRUCTURE	1	19860510	9,732.00	1.5195	14,787.77
1677714	SLUMPBLOCK WALL	1	19860510	9,510.00	1.5195	14,450.45
1677718	PIPING EACH RUN	620	19860510	20,128.00	1.5195	30,584.50
1677721	OUTDOORS LIGHTIN	1	19860510	540.00	1.5195	820.53
1677722	GRADING EACH LOT	1	19860510	39,632.00	1.5195	60,220.82
1677724	SIDEWALK EACH	1	19860510	607.00	1.5195	922.34
1677726	FENCE EACH	258	19860510	6,677.00	1.5195	10,145.70
1677727	GATE ONLY	3	19860510	6,828.00	1.5195	10,375.15
1677728	WALL EACH	1	19860510	6,319.00	1.5195	9,601.72
1677927	MINOR STRUCTURE	0	19871001	232.89	1.4810	344.91
1677929	MINOR STRUCTURE	0	19871001	216.84	1.4810	321.14
1677930	PIPING EACH RUN	0	19871001	1,252.43	1.4810	1,854.85
1677931	PIPING EACH RUN	0	19871001	77.25	1.4810	114.41
1677932	OUTDOORS LIGHTIN	2	19871001	719.12	1.4810	1,065.02
1677933	GRADING EACH LOT	0	19871001	4,194.55	1.4810	6,212.13
1677934	GRADING EACH LOT	0	19871001	1,790.43	1.4810	2,651.63
1677935	GRADING EACH LOT	0	19871001	872.04	1.4810	1,291.49
1677937	LANDSCAPING EACH	0	19871001	194.96	1.4810	288.74
1677939	LANDSCAPING EACH	0	19871001	8,106.00	1.4810	12,004.99
1677940	LANDSCAPING EACH	0	19871001	10.00	1.4810	14.81
1677941	DRIVEWAY	0	19871001	123.56	1.4810	182.99
1677942	DRIVEWAY	0	19871001	1,943.54	1.4810	2,878.38
1677943	FENCE EACH	0	19871001	5,315.47	1.4810	7,872.21
1677944	GATE ONLY	1	19871001	2,397.08	1.4810	3,550.08
1677945	WALL EACH	0	19871001	5,567.77	1.4810	8,245.87
1678283	OUTDOORS LIGHTIN	0	19880101	272.19	1.4624	398.05

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RCN Asset Listing Plant at 12/31/2001

Exhibit
Schedule B-4
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Witness: Bourassa

Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W31100 Structures and Improvements						
1678284	GRADING EACH LOT	0	19880101	995.01	1.4624	1,455.10
1678287	GATE ONLY	2	19880401	3,648.00	1.4624	5,334.84
1678288	WALL EACH	169	19880401	5,245.05	1.4624	7,670.36
1678281	CONDUIT EACH	0	19881001	3,253.83	1.4267	4,642.24
1678426	WALL EACH	18	19890915	1,993.91	1.3930	2,777.52
1678427	CEILING EACH	440	19890915	318.37	1.3930	443.49
1678428	DOOR INTERIOR OR	4	19890915	1,065.80	1.3930	1,484.66
1678429	SIGN	0	19890915	3,436.88	1.3930	4,787.57
1678431	WINDOW COMPLETE	3	19890915	1,684.83	1.3930	2,346.97
1678432	DUCT EACH RUN	1	19890915	1,412.93	1.3930	1,968.21
1678433	CONDUIT EACH	0	19890915	1,610.46	1.3930	2,243.37
1678434	LIGHTING FIXTURE	0	19890915	117.36	1.3930	163.48
1678437	WATER HEATER, EA	1	19890915	443.87	1.3930	618.31
1678438	PIPING 3IN AND U	0	19890915	1,595.36	1.3930	2,222.34
1678440	SINK INCLUDING P	1	19890915	2,088.03	1.3930	2,908.63
1678441	FOUNTAIN EACH	1	19890915	1,082.94	1.3930	1,508.54
1678442	PIPING EACH RUN	0	19891215	687.30	1.3930	957.41
1678443	CATCH BASIN EACH	0	19891215	1,840.88	1.3930	2,564.35
1678445	PIPING EACH RUN	0	19891215	1,167.71	1.3930	1,626.62
1678447	OUTDOORS LIGHTIN	0	19891215	443.06	1.3930	617.18
1678448	GRADING EACH LOT	0	19891215	4,098.59	1.3930	5,709.34
1678450	FENCE EACH	341	19891215	10,390.68	1.3930	14,474.22
1678451	GATE ONLY	1	19891215	3,594.97	1.3930	5,007.79
1730172	FENCE EACH	1	19900315	566.45	1.3930	789.06
1678661	UNDERGROUND VAUL	0	19900615	74.46	1.3930	103.72
1678816	VALVE EACH	1	19910615	579.00	1.3765	796.99
1678819	PIPING EACH RUN	0	19911215	96.65	1.3605	131.49
1678820	CATCH BASIN EACH	0	19911215	1,435.50	1.3605	1,953.00
1678821	PIPING EACH RUN	130	19911215	5,640.58	1.3605	7,674.01
1678822	OUTDOORS LIGHTIN	0	19911215	363.95	1.3605	495.15
1678823	GRADING EACH LOT	0	19911215	1,702.79	1.3605	2,316.65
1678824	FENCE EACH	213	19911215	12,760.74	1.3605	17,360.99
1678825	GATE ONLY	1	19911215	7,004.48	1.3605	9,529.60
1678981	PIPING 3 INCH AN	0	19920215	94.79	1.3765	130.48
1679417	MINOR STRUCTURE	6	19940115	321.81	1.2580	404.84

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RCN Asset Listing Plant at 12/31/2001

Exhibit
Schedule B-4
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Witness: Bourassa

Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W31100 Structures and Improvements						
1679419	CHLORINATOR BUIL	1	19940115	897.61	1.2580	1,129.19
1679422	CATHODIC PROTECT	0	19940115	886.05	1.2580	1,114.65
1679425	GATE ONLY	0	19940115	546.08	1.2580	686.97
1679426	GATE ONLY	0	19950115	637.81	1.2061	769.26
1679702	SWAMP COOLER	4	19951215	2,617.53	1.1939	3,125.07
1679713	SIGN	0	19951215	1,284.42	1.1939	1,533.47
1679714	SIGN	0	19960115	156.04	1.1818	184.41
1680132	AIR CONDITIONING	2	19960315	18,306.13	1.1818	21,634.18
1680138	GRADING	1	19960315	11,194.59	1.1818	13,229.77
1680139	GRADING	1	19960315	10,884.83	1.1818	12,863.69
1680140	LANDSCAPING	1	19960315	859.19	1.1818	1,015.39
1680141	LANDSCAPING	1	19960315	539.35	1.1818	637.40
1680143	DRIVEWAY	1	19960315	6,039.44	1.1818	7,137.41
1680144	DRIVEWAY	1	19960315	6,028.98	1.1818	7,125.05
1680145	FENCE	20	19960315	1,504.96	1.1818	1,778.56
1680147	GATE ONLY	1	19960315	338.68	1.1818	400.25
1680148	GATE ONLY	1	19960315	587.78	1.1818	694.64
1680430	METER	4	19971215	963.27	1.1471	1,104.97
1680661	DOOR INTERIOR OR	1	19981215	445.38	1.1250	501.05
1680668	SWITCH	3	19981215	409.17	1.1250	460.32
Total for class W31100:				342,925.43		495,285.03
Asset Class: W31400 Wells and Springs						
1677064	WELL EACH	1	19780701	704.00	2.2502	1,584.14
1677395	CASING EACH	1	19820101	20,317.00	1.7206	34,957.43
1677473	CASING EACH	675	19830101	26,614.00	1.6480	43,859.87
1677539	CASING EACH	116	19840101	4,313.80	1.6028	6,914.16
1677540	LANDSCAPING EACH	1	19840101	438.00	1.6028	702.03
1677541	WELL EACH	1	19840101	6,293.00	1.6028	10,086.42
1677630	CASING EACH	1000	19850101	29,609.00	1.5394	45,580.09
1677737	AIRPRESSURE GAUG	2	19860101	209.00	1.5195	317.58
1677738	CASING EACH	1006	19860101	111,988.00	1.5195	170,165.77
1677739	DESANDER	1	19860101	10,679.00	1.5195	16,226.74
1677740	SEWER EACH	1	19860101	1,661.00	1.5195	2,523.89
1677741	VALVE VAULT EACH	1	19860101	6,551.00	1.5195	9,954.24

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RCN Asset Listing Plant at 12/31/2001

Exhibit
Schedule B-4
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Witness: Bourassa

Company Code: 4005		Business Area: 4506		Sun City West Water		
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W31400 Wells and Springs						
1677742	WELL EACH	1	19860101	5,166.00	1.5195	7,849.74
1677744	WELL EACH	1	19860101	18.00	1.5195	27.35
1677743	WELL EACH	0	19871001	1,132.02	1.4810	1,676.52
1677957	LANDSCAPING EACH	6	19871001	1,272.38	1.4810	1,884.39
1677958	SEWER EACH	0	19871001	2,060.81	1.4810	3,052.06
1677961	WELL EACH	0	19881001	9,672.93	1.4267	13,800.37
1678298	AIRPRESSURE GAUG	5	19881001	630.98	1.4267	900.22
1678299	SEWER EACH	0	19881001	403.13	1.4267	575.15
1678460	CASING EACH	1060	19891215	163,733.31	1.3930	228,080.50
1678461	WELL EACH	0	19891215	11,931.42	1.3930	16,620.47
1678670	WELL EACH	1	19900315	18,126.26	1.3930	25,249.88
1678832	VALVE EACH	2	19910515	1,935.00	1.3765	2,663.53
1678833	WELL EACH	0	19911115	121,564.00	1.3605	165,387.82
1678834	WELL EACH	0	19911115	101,248.00	1.3605	137,747.90
1678835	WELL EACH	0	19911215	10,401.88	1.3605	14,151.76
1680162	CASING	1240	19960315	314,161.54	1.1818	371,276.11
1680163	CASING	1240	19960315	304,020.84	1.1818	359,291.83
1680164	VALVE	0	19961215	255.24	1.1700	298.63
1680691	CASING	0	19980115	11,107.69	1.1360	12,618.34
1680692	DESANDER	0	19981215	4,568.57	1.1250	5,139.64
3055513	DESANDER CONE	1	19991231	4,264.06	1.1038	4,706.67
Total for class W31400:				1,307,050.86		1,715,871.24
Asset Class: W32000 Land and Land Rights						
1677456	PARCEL EACH	1	19830101	44,947.00	1.6480	74,072.66
1677458	INTEREST PRIVILE	1	19830101	10.00	1.6480	16.48
Total for class W32000:				44,957.00		74,089.14
Asset Class: W32100 Structures and Improvements						
1677058	FOUNDATION AND S	1	19780701	296.00	2.2502	666.06
1677061	GRADING EACH LOT	1	19780701	1,514.00	2.2502	3,406.80
1677062	FENCE EACH	1	19780701	1,952.00	2.2502	4,392.39
1677127	FOUNDATION AND S	40	19790701	15,377.00	2.0525	31,561.29
1677128	MINOR STRUCTURE	1	19790701	13,709.00	2.0525	28,137.72
1677130	PIPING OVER 3IN	260	19790701	2,536.00	2.0525	5,205.14
1677131	PIPING EACH RUN	1	19790701	1,747.00	2.0525	3,585.72

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RCN Asset Listing Plant at 12/31/2001

Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W32100 Structures and Improvements						
1677133	GRADING EACH LOT	1	19790701	9,435.00	2.0525	19,365.34
1677135	ROADWAY EACH	1	19790701	5,508.00	2.0525	11,305.17
1677138	FENCE EACH	210	19790701	27,700.00	2.0525	56,854.25
1677235	MINOR STRUCTURE	1	19800701	22.00	1.8282	40.22
1677238	GRADING EACH LOT	1	19800701	4,927.00	1.8282	9,007.54
1677239	FENCE EACH	1	19800701	669.00	1.8282	1,223.07
1677301	FOUNDATION AND S	1	19810101	260.00	1.7464	454.06
1677390	FENCE EACH	1	19820101	106.00	1.7206	182.38
1677445	SHELVING OF BINS	2	19820101	577.00	1.7206	992.79
1677464	PIPING EACH RUN	338	19830101	41,918.00	1.6480	69,080.86
1677621	LANDSCAPING EACH	1	19850510	14,760.00	1.5394	22,721.54
1677622	LANDSCAPING EACH	0	19850510	4,331.00	1.5394	6,667.14
1677709	PIPING OVER 3IN	1	19860510	20.00	1.5195	30.39
1677711	MINOR STRUCTURE	1	19860510	7,260.00	1.5195	11,031.57
1677716	PIPING EACH RUN	1	19860510	1,651.00	1.5195	2,508.69
1677717	CATHODIC PROTECT	2	19860510	5,842.00	1.5195	8,876.92
1677719	PIPING EACH RUN	1	19860510	3,345.00	1.5195	5,082.73
1677723	GRADING EACH LOT	1	19860510	737.00	1.5195	1,119.87
1677725	DRIVEWAY	1	19860510	252.00	1.5195	382.91
1677936	GRADING EACH LOT	0	19871001	3,447.66	1.4810	5,105.98
1677938	LANDSCAPING EACH	0	19871001	11,652.00	1.4810	17,256.61
1678279	PIPING EACH RUN	0	19881001	326.30	1.4267	465.53
1678280	FIXTURE EACH	1	19881001	877.80	1.4267	1,252.36
1678285	GRADING EACH LOT	0	19881001	262.02	1.4267	373.82
1679169	FOUNDATION AND S	60	19930115	18,631.52	1.3146	24,493.00
1679177	LIGHTING PANEL E	1	19930115	865.76	1.3146	1,138.13
1679182	PIPING EACH RUN	310	19930115	6,064.06	1.3146	7,971.81
1679185	LANDSCAPING EACH	1	19930115	16,613.00	1.3146	21,839.45
1679186	LANDSCAPING EACH	1	19930115	1,226.00	1.3146	1,611.70
1679175	PIPING 3 INCH AN	1	19930215	14.15	1.3146	18.60
1679411	PIPING 3 INCH AN	1	19940115	144.80	1.2580	182.16
1680142	LANDSCAPING	1	19960315	4,330.02	1.1818	5,117.22
1680432	OUTDOOR LIGHTING	1	19971215	533.33	1.1471	611.78
Total for class W32100:				231,439.42		391,320.71

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Company Code: 4005		Business Area: 4506		Sun City West Water		
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W32500 Electric Pumping Equipment						
1677065	AIR LIFT COMPRES	1	19780701	4,051.00	2.2502	9,115.56
1677066	PUMP FOUNDATION	1	19780701	1,492.00	2.2502	3,357.30
1677067	METER EACH	2	19780701	3,194.00	2.2502	7,187.14
1677069	PIPING OVER 3IN	2217	19780701	55,195.69	2.2502	124,201.34
1677070	PIPING 3 IN AND	1	19780701	1,367.00	2.2502	3,076.02
1677141	AIR LIFT COMPRES	1	19790701	1,257.00	2.0525	2,579.99
1677142	AUTO. CNTRL. APP	1	19790701	95,677.00	2.0525	196,377.04
1677143	GAUGE EACH	12	19790701	963.00	2.0525	1,976.56
1677144	METER EACH	1	19790701	4,535.00	2.0525	9,308.09
1677145	PIPING OVER 3IN	1743	19790701	185,096.00	2.0525	379,909.54
1677146	PIPING 3 IN AND	1	19790701	3,618.00	2.0525	7,425.95
1677147	COLUMN EACH SECT	2	19790701	811.00	2.0525	1,664.58
1677148	SHAFT EACH SECTI	1	19790701	744.00	2.0525	1,527.06
1677149	COLUMN SHAFT ASS	4	19790701	7,191.00	2.0525	14,759.53
1677150	REGULATING OR RE	3	19790701	8,073.00	2.0525	16,569.83
1677151	TANK EACH	1	19790701	19,147.00	2.0525	39,299.22
1677152	VALVE EACH	45	19790701	34,218.46	2.0525	70,233.39
1677240	AUTO. CNTRL. APP	1	19800701	783.00	1.8282	1,431.48
1677241	GAUGE EACH	1	19800701	21.00	1.8282	38.39
1677242	PIPING OVER 3IN	10	19800701	4,902.00	1.8282	8,961.84
1677243	PIPING 3 IN AND	1	19800701	2.00	1.8282	3.66
1677244	REGULATING OR RE	1	19800701	67.00	1.8282	122.49
1677245	TANK EACH	1	19800701	43.00	1.8282	78.61
1677310	AUTO. CNTRL. APP	1	19810101	419.00	1.7464	731.74
1677311	PIPING OVER 3IN	1	19810101	2,701.00	1.7464	4,717.03
1677396	CONDUCTOR	552	19820101	12,066.00	1.7206	20,760.76
1677397	AUTO. CNTRL. APP	1	19820101	2,907.00	1.7206	5,001.78
1677398	PIPING OVER 3IN	1	19820101	10,169.00	1.7206	17,496.78
1677399	PIPING 3 IN AND	1	19820101	302.00	1.7206	519.62
1677400	COLUMN EACH SECT	15	19820101	10,954.00	1.7206	18,847.45
1677401	PUMP BOWLS EACH	1	19820101	759.00	1.7206	1,305.94
1677542	CONDUCTOR	1120	19840101	11,707.00	1.6028	18,763.98
1677544	AUTO. CNTRL. APP	1	19840101	357.00	1.6028	572.20
1677545	AUTO. CNTRL. APP	1	19840101	25,486.00	1.6028	40,848.96
1677546	METER EACH	1	19840101	1,744.00	1.6028	2,795.28

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Company Code: 4005		Business Area: 4506		Sun City West Water		Original Cost	Factor	RCN Cost			
Main	Description	Qty	Acquisition Date								
Asset Class: W32500		Electric Pumping Equipment									
1677547	PIPING OVER 3IN	1	19840101			5,553.00	1.6028	8,900.35			
1677548	PIPING OVER 3IN	29	19840101			55,564.00	1.6028	89,057.98			
1677549	PIPING 3 IN AND	1	19840101			2,386.00	1.6028	3,824.28			
1677550	PUMP AND MOTOR	1	19840101			2,732.00	1.6028	4,378.85			
1677551	COLUMN EACH SECT	0	19840101			16,237.00	1.6028	26,024.66			
1677552	REGULATING OR RE	2	19840101			5,150.00	1.6028	8,254.42			
1677554	PUMP&MTR SUBMERS	0	19840101			4,949.00	1.6028	7,932.26			
1677632	CONDUCTOR	1	19850101			4,663.00	1.5394	7,178.22			
1677633	AUTO. CNTRL. APP	1	19850101			774.00	1.5394	1,191.50			
1677635	ELECT. PWR LN.&	50	19850101			300.00	1.5394	461.82			
1677636	PIPING OVER 3IN	1	19850101			193.00	1.5394	297.10			
1677637	PIPING 3 IN AND	1	19850101			42.00	1.5394	64.65			
1677638	PUMP AND MOTOR	1	19850101			1,008.00	1.5394	1,551.72			
1677639	COLUMN EACH SECT	4	19850101			10,490.00	1.5394	16,148.31			
1677642	PUMP&MTR SUBMERS	1	19850101			12,070.00	1.5394	18,580.56			
1677745	CONDUCTOR	1035	19860101			69,870.00	1.5195	106,167.47			
1677746	CONDUIT EACH RUN	1	19860101			39,877.00	1.5195	60,593.10			
1677747	CONTROL EACH	32	19860101			6,242.67	1.5195	9,485.74			
1677748	INNER COMM TELEP	1	19860101			186.00	1.5195	282.63			
1677749	FIXTURE EACH	1	19860101			2,213.00	1.5195	3,362.65			
1677750	DISCHARGE OR SAN	1	19860101			41,764.00	1.5195	63,460.40			
1677753	AIR COMPRESSOR	2	19860101			3,097.00	1.5195	4,705.89			
1677754	ELECTRICAL PANEL	1	19860101			1,449.00	1.5195	2,201.76			
1677755	ELECT. PWR LN.&	1	19860101			62.00	1.5195	94.21			
1677756	TANK FOUNDATION	1	19860101			10,529.00	1.5195	15,998.82			
1677757	PUMP FOUNDATION	6	19860101			64,377.00	1.5195	97,820.85			
1677758	FRAME OR BEDPLAT	1	19860101			187.00	1.5195	284.15			
1677759	GAUGE EACH	2	19860101			159.00	1.5195	241.60			
1677760	METER EACH	1	19860101			192.00	1.5195	291.74			
1677761	METER EACH	4	19860101			23,017.00	1.5195	34,974.33			
1677763	COMPLETE MOTOR	1	19860101			53,977.00	1.5195	82,018.05			
1677764	STARTER MOTOR	2	19860101			42,808.00	1.5195	65,046.76			
1677765	PIPING AIR EACH	1	19860101			352.00	1.5195	534.86			
1677766	PIPING OVER 3IN	976	19860101			563,841.00	1.5195	856,756.40			
1677767	PIPING 3 IN AND	1	19860101			22,668.00	1.5195	34,444.03			

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Company Code: 4005		Business Area: 4506		Sun City West Water			
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost	
Asset Class: W32500 Electric Pumping Equipment							
1677769	PUMP AND MOTOR	2	19860101	90,437.00	1.5195	137,419.02	
1677770	COLUMN EACH SECT	72	19860101	34,051.00	1.5195	51,740.49	
1677771	PUMP DESANDER	1	19860101	15,036.00	1.5195	22,847.20	
1677772	REGULATING OR RE	2	19860101	6,185.00	1.5195	9,398.11	
1677773	TANK EACH	1	19860101	155,309.00	1.5195	235,992.03	
1677774	VALVE EACH	35	19860101	49,038.00	1.5195	74,513.24	
1677776	HYDRAULIC POWER	2	19860101	2,764.00	1.5195	4,199.90	
1677777	PUMP&MTR SUBMERS	4	19860101	40,236.00	1.5195	61,138.60	
1677778	PUMP&MTR SUBMERS	1	19860101	8,020.00	1.5195	12,186.39	
1677779	PUMP&MTR SUBMERS	1	19860101	31,034.00	1.5195	47,156.16	
1677780	PUMP & MOTOR 150	1	19860101	34,782.00	1.5195	52,851.25	
1677962	CONDUCTOR	0	19871001	9,447.99	1.4810	13,992.47	
1677965	CONTROL EACH	0	19871001	499.87	1.4810	740.31	
1677968	DISCHARGE OR SAN	0	19871001	13,074.95	1.4810	19,364.00	
1677970	DISCHARGE OR SAN	0	19871001	15,712.80	1.4810	23,270.66	
1677972	DISCHARGE OR SAN	0	19871001	283.07	1.4810	419.23	
1677975	MERCOID SWITCH	0	19871001	230.27	1.4810	341.03	
1677976	MERCOID SWITCH	3	19871001	319.00	1.4810	472.44	
1677977	AUTO. CNTRL. APP	0	19871001	5,979.07	1.4810	8,855.00	
1677978	PUMP FOUNDATION	0	19871001	523.05	1.4810	774.64	
1677979	PUMP FOUNDATION	0	19871001	1,696.87	1.4810	2,513.06	
1677980	PUMP FOUNDATION	0	19871001	6,617.53	1.4810	9,800.56	
1677983	METER EACH	0	19871001	186.29	1.4810	275.90	
1677984	METER EACH	1	19871001	2,108.52	1.4810	3,122.72	
1677985	METER ASSEMBLY P	1	19871001	618.76	1.4810	916.38	
1677986	COMPLETE MOTOR	0	19871001	438.52	1.4810	649.45	
1677987	STARTER MOTOR	0	19871001	1,447.90	1.4810	2,144.34	
1677988	STARTER MOTOR	0	19871001	16,417.79	1.4810	24,314.75	
1677989	STARTER MOTOR	0	19871001	427.97	1.4810	633.82	
1677990	PUMPING EQUIP PR	1	19871001	241.05	1.4810	357.00	
1677991	PIPING OVER 3IN	0	19871001	267.52	1.4810	396.20	
1677992	PIPING OVER 3IN	0	19871001	187.61	1.4810	277.85	
1677993	PIPING OVER 3IN	0	19871001	2,233.81	1.4810	3,308.27	
1677994	PIPING OVER 3IN	0	19871001	5,028.97	1.4810	7,447.90	
1677995	PIPING OVER 3IN	0	19871001	7,975.12	1.4810	11,811.15	

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Company Code: 4005 Business Area: 4506

Sun City West Water

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Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W32500 Electric Pumping Equipment						
1677996	PIPING 3 IN AND	0	19871001	245.52	1.4810	363.62
1677997	PIPING 3 IN AND	0	19871001	9,650.80	1.4810	14,292.83
1677999	PIPING 3 IN AND	0	19871001	329.90	1.4810	488.58
1678000	PUMP AND MOTOR	0	19871001	3,327.82	1.4810	4,928.50
1678001	PUMP AND MOTOR	0	19871001	2,788.00	1.4810	4,129.03
1678002	COLUMN EACH SECT	0	19871001	9,124.52	1.4810	13,513.41
1678003	COLUMN EACH SECT	0	19871001	241.51	1.4810	357.68
1678004	PUMP BOWLS EACH	1	19871001	9,002.15	1.4810	13,332.18
1678005	VALVE EACH	0	19871001	1,645.92	1.4810	2,437.61
1678006	VALVE EACH	0	19871001	104.23	1.4810	154.36
1678007	VALVE EACH	0	19871001	3,012.83	1.4810	4,462.00
1678008	VALVE EACH	0	19871001	47.18	1.4810	69.87
1678010	VALVE EACH	16	19871001	10,791.74	1.4810	15,982.57
1678012	MOTOR 200 HP	0	19871001	4,764.37	1.4810	7,056.03
1677971	DISCHARGE OR SAN	0	19880701	167.42	1.4267	238.86
1677998	PIPING 3 IN AND	0	19880701	17.56	1.4267	25.05
1678303	DISCHARGE OR SAN	0	19880701	5,394.07	1.4267	7,695.72
1678312	COLUMN EACH SECT	380	19880701	9,592.14	1.4267	13,685.11
1678313	PUMP DESANDER	0	19880701	291.39	1.4267	415.73
1678300	CONDUCTOR	0	19881001	2,291.57	1.4267	3,269.38
1678301	CONDUIT EACH RUN	0	19881001	891.11	1.4267	1,271.35
1678302	CONTROL EACH	1	19881001	598.59	1.4267	854.01
1678305	MERCROID SWITCH	4	19881001	585.79	1.4267	835.75
1678306	AUTO. CNTRL. APP	0	19881001	81.32	1.4267	116.02
1678307	PUMP FOUNDATION	0	19881001	3,472.94	1.4267	4,954.84
1678308	STARTER MOTOR	0	19881001	1,443.39	1.4267	2,059.28
1678309	PIPING AIR EACH	1	19881001	681.03	1.4267	971.63
1678310	PIPING OVER 3IN	0	19881001	11,750.39	1.4267	16,764.28
1678311	PIPING 3 IN AND	0	19881001	969.03	1.4267	1,382.52
1678314	VALVE EACH	9	19881001	13,736.09	1.4267	19,597.28
1678315	SOLENOID VALVE	1	19881001	848.19	1.4267	1,210.11
1678317	MOTOR 200 HP	0	19881001	4,008.28	1.4267	5,718.61
1678489	PUMP SUBMERSIBLE	1	19890315	5,467.30	1.4096	7,706.71
1678475	PIPING AIR EACH	0	19890415	512.53	1.4096	722.46
1678484	COLUMN EACH SECT	0	19890415	786.89	1.4096	1,109.20

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Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W32500 Electric Pumping Equipment						
1678491	PUMP SUBMERSIBLE	0	19890415	9,572.58	1.4096	13,493.51
1678488	SOLENOID VALVE	0	19890515	761.24	1.4096	1,073.04
1678474	PIPING AIR EACH	0	19890915	2,707.07	1.3930	3,770.95
1678482	COLUMN EACH SECT	5	19890915	6,085.93	1.3930	8,477.70
1678478	PIPING OVER 3IN	0	19891015	4,992.05	1.3930	6,953.93
1678492	PUMP&MTR SUBMERS	0	19891015	4,829.95	1.3930	6,728.12
1678494	AUTOM DIALNG TEL	0	19891015	3,348.00	1.3930	4,663.76
1678462	CONDUCTOR	0	19891215	7,736.14	1.3930	10,776.44
1678463	DISCHARGE OR SAN	0	19891215	13,796.53	1.3930	19,218.57
1678467	AUTO. CNTRL. APP	1	19891215	8,574.64	1.3930	11,944.47
1678468	ELECT. PWR LN.&	0	19891215	1,107.15	1.3930	1,542.26
1678469	PUMP FOUNDATION	0	19891215	2,120.45	1.3930	2,953.79
1678470	FLOW SWITCH	1	19891215	482.42	1.3930	672.01
1678471	METER EACH	1	19891215	1,715.73	1.3930	2,390.01
1678472	STARTER MOTOR	1	19891215	21,856.69	1.3930	30,446.37
1678473	PIPING AIR EACH	0	19891215	4,317.71	1.3930	6,014.57
1678476	PIPING OVER 3IN	0	19891215	20,908.75	1.3930	29,125.89
1678477	PIPING OVER 3IN	0	19891215	4,150.41	1.3930	5,781.52
1678479	PIPING 3 IN AND	0	19891215	4,059.23	1.3930	5,654.51
1678480	PIPING 3 IN AND	0	19891215	38.58	1.3930	53.74
1678481	COLUMN EACH SECT	39	19891215	18,587.46	1.3930	25,892.33
1678483	COLUMN EACH SECT	0	19891215	9,658.18	1.3930	13,453.84
1678485	SUBMERSIBLE CABL	790	19891215	15,673.74	1.3930	21,833.52
1678486	SUBMERSIBLE CABL	0	19891215	2,837.48	1.3930	3,952.61
1678487	VALVE EACH	13	19891215	9,544.53	1.3930	13,295.53
1678490	PUMP SUBMERSIBLE	0	19891215	3,003.50	1.3930	4,183.88
1678493	PUMP&MTR SUBMERS	0	19891215	4,694.06	1.3930	6,538.83
1730173	AUTO. CNTRL. APP	1	19900315	5,664.46	1.3930	7,890.59
1730174	METER EACH	1	19900315	339.87	1.3930	473.44
1730175	PUMP&MTR SUBMERS	1	19900315	906.31	1.3930	1,262.49
1730176	PUMP&MTR SUBMERS	1	19900315	2,152.49	1.3930	2,998.42
1730177	PUMP SUBMERSIBLE	1	19900315	3,398.67	1.3930	4,734.35
1678675	SOLENOID VALVE	2	19900515	814.36	1.3930	1,134.40
1678861	SOLENOID VALVE	1	19910515	378.69	1.3765	521.27
1678838	CONTROL EACH	1	19910615	128.64	1.3765	177.07

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Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W32500 Electric Pumping Equipment						
1678847	FLOW SWITCH	1	19910615	108.44	1.3765	149.27
1678862	SOLENOID VALVE	1	19910615	317.92	1.3765	437.62
1678836	CONDUCTOR	0	19911115	16,701.37	1.3605	22,722.21
1678852	PIPING AIR EACH	0	19911115	5,185.75	1.3605	7,055.21
1678856	COLUMN EACH SECT	0	19911115	4,883.56	1.3605	6,644.08
1678837	CONDUIT EACH RUN	0	19911215	1,101.39	1.3605	1,498.44
1678839	TRANSFORMER EACH	0	19911215	495.21	1.3605	673.73
1678840	DISCHARGE OR SAN	1	19911215	18,323.82	1.3605	24,929.56
1678841	MERCOID SWITCH	1	19911215	250.59	1.3605	340.93
1678842	AUTO. CNTRL. APP	0	19911215	2,897.25	1.3605	3,941.71
1678843	ELECTRICAL PANEL	0	19911215	491.63	1.3605	668.86
1678844	ELECT. PWR LN. &	0	19911215	2,432.89	1.3605	3,309.95
1678845	DISCONNECT SWITC	0	19911215	1,977.24	1.3605	2,690.04
1678846	PUMP FOUNDATION	0	19911215	630.05	1.3605	857.18
1678848	GAUGE EACH	4	19911215	278.03	1.3605	378.26
1678849	METER EACH	0	19911215	5,255.15	1.3605	7,149.63
1678850	STARTER MOTOR	1	19911215	31,802.97	1.3605	43,267.94
1678851	STARTER MOTOR	1	19911215	1,711.50	1.3605	2,328.50
1678853	PIPING AIR EACH	1	19911215	6,450.80	1.3605	8,776.31
1678854	PIPING OVER 3IN	0	19911215	24,701.83	1.3605	33,606.84
1678855	PIPING 3 IN AND	0	19911215	1,030.98	1.3605	1,402.65
1678857	COLUMN EACH SECT	31	19911215	18,529.06	1.3605	25,208.79
1678859	SUBMERSIBLE CABL	709	19911215	19,258.15	1.3605	26,200.71
1678860	VALVE EACH	0	19911215	703.39	1.3605	956.96
1678863	PHASE FAILURE RE	1	19911215	920.01	1.3605	1,251.67
1678866	MOTOR 250HP	1	19911215	29,265.54	1.3605	39,815.77
1678990	CONDUCTOR	0	19920115	877.18	1.3765	1,207.44
1678996	AIR COMPRESSOR	1	19920115	352.18	1.3765	484.78
1678997	TIME DELAY RELAY	0	19920115	79.35	1.3765	109.23
1678999	METER EACH	0	19920115	296.74	1.3765	408.46
1679000	STARTER MOTOR	1	19920115	351.09	1.3765	483.28
1679006	SOLENOID VALVE	3	19920115	1,133.86	1.3765	1,560.76
1679007	PUMP&MTR SUBMERS	0	19920115	543.48	1.3765	748.10
1678998	MERCOID SWITCH	1	19920215	1,819.21	1.3765	2,504.14
1679001	PIPING AIR	0	19921215	1,359.56	1.3448	1,828.34

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Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W32500 Electric Pumping Equipment						
1679002	PUMP EACH	0	19921215	6.00	1.3448	8.07
1679003	PUMP EACH	0	19921215	1.17	1.3448	1.57
1679005	COLUMN EACH SECT	2	19921215	458.63	1.3448	616.77
1679008	MOTOR 250HP	1	19921215	36,828.64	1.3448	49,527.16
1679193	CONDUCTOR	650	19930115	28,361.73	1.3146	37,284.33
1679194	CONDUIT EACH RUN	650	19930115	18,076.16	1.3146	23,762.92
1679196	CONTROL EACH	2	19930115	2,582.31	1.3146	3,394.70
1679197	FIXTURE EACH	2	19930115	5,164.62	1.3146	6,789.41
1679200	POLE OR STANDARD	2	19930115	5,164.62	1.3146	6,789.41
1679201	DISCHARGE OR SAN	1	19930115	15,493.85	1.3146	20,368.22
1679204	AIR COMPRESSOR	1	19930115	7,746.92	1.3146	10,184.10
1679205	TIME DELAY RELAY	5	19930115	6,453.28	1.3146	8,483.48
1679206	MERCROID SWITCH	10	19930115	9,035.58	1.3146	11,878.17
1679207	ALARM SYSTEM	1	19930115	9,296.31	1.3146	12,220.93
1679208	AUTO. CNTRL. APP	12	19930115	11,617.89	1.3146	15,272.88
1679210	ELECTRICAL PANEL	3	19930115	28,405.39	1.3146	37,341.73
1679211	DISCONNECT SWITC	2	19930115	7,509.00	1.3146	9,871.33
1679212	DISCONNECT SWITC	3	19930115	18,592.62	1.3146	24,441.86
1679214	GAUGE EACH	10	19930115	2,478.77	1.3146	3,258.59
1679215	METER EACH	1	19930115	20,658.46	1.3146	27,157.61
1679219	STARTER SWITCH	4	19930115	15,493.85	1.3146	20,368.22
1679220	PIPING AIR	1	19930115	3,870.97	1.3146	5,088.78
1679221	PIPING OVER 3IN	600	19930115	40,490.66	1.3146	53,229.02
1679224	PIPING 3" AND UN	250	19930115	28,405.39	1.3146	37,341.73
1679225	REGULATING OR RE	2	19930115	10,329.23	1.3146	13,578.81
1679226	VALVE EACH	24	19930115	24,062.87	1.3146	31,633.05
1679195	CONTROL EACH	5	19930215	1,262.05	1.3146	1,659.09
1679209	DRIVE UNIT OR CO	1	19930215	220.43	1.3146	289.78
1679216	METER EACH	1	19930215	301.97	1.3146	396.97
1679217	METER ASSEMBLY P	2	19930215	1,455.06	1.3146	1,912.82
1679218	COMPLETE MOTOR	3	19930215	206.41	1.3146	271.35
1679229	SOLENOID VALVE	3	19930215	1,091.93	1.3146	1,435.45
1679230	PHASE FAILURE RE	2	19930215	374.60	1.3146	492.45
1679231	PUMP&MTR SUBMERS	5	19930215	1,202.78	1.3146	1,581.17
1679233	AUTOM DIALNG TEL	0	19930215	645.98	1.3146	849.21

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Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W32500 Electric Pumping Equipment						
1679213	GAUGE EACH	1	19930315	931.42	1.3146	1,224.44
1679223	PIPING 3" AND UN	1	19930315	91.85	1.3146	120.75
1679228	SOLENOID VALVE	1	19930315	117.37	1.3146	154.29
1679222	PIPING OVER 3IN	1	19930415	4,254.00	1.3146	5,592.31
1679232	PUMP SUBMERSIBLE	1	19931215	18,908.00	1.2857	24,310.02
1679439	CONTROL EACH	1	19940115	47.12	1.2580	59.28
1679450	AIR COMPRESSOR	1	19940115	477.35	1.2580	600.51
1679451	MERCROID SWITCH	1	19940115	222.68	1.2580	280.13
1679452	MERCROID SWITCH	3	19940115	878.54	1.2580	1,105.20
1679454	CHARTS	1	19940115	135.16	1.2580	170.03
1679455	DRIVE UNIT OR CO	1	19940115	256.37	1.2580	322.51
1679456	ELECT. PWR LN. &	0	19940115	38.81	1.2580	48.82
1679458	COMPLETE MOTOR	1	19940115	1,231.45	1.2580	1,549.16
1679459	PROTECTOR DEVICE	1	19940115	470.31	1.2580	591.65
1679461	PIPING 3" AND UN	0	19940115	24.67	1.2580	31.03
1679464	SOLENOID VALVE	1	19940115	303.57	1.2580	381.89
1679465	PUMP&MTR SUBMERS	3	19940115	1,194.98	1.2580	1,503.28
1679468	PUMP&MOTOR 1 1-2	1	19940115	394.75	1.2580	496.60
1679471	PUMP&MTR SUBMERS	0	19940115	3,173.97	1.2580	3,992.85
1679457	DISCONNECT SWITCH	1	19940815	4,495.68	1.2315	5,536.43
1679460	STARTER SWITCH	1	19940815	6,231.32	1.2315	7,673.87
1679469	PUMP SUBMERSIBLE	1	19941015	16,495.00	1.2315	20,313.59
1679470	PUMP SUBMERSIBLE	1	19941015	11,793.53	1.2315	14,523.73
1679473	PUMP&MTR SUBMERS	1	19941015	16,848.00	1.2315	20,748.31
1679474	PUMP&MTR SUBMERS	9	19941015	29,034.47	1.2315	35,755.95
1679475	PUMP&MTR SUBMERS	1	19941015	11,759.50	1.2315	14,481.82
1679463	TANK	1	19941215	13,790.00	1.2315	16,982.39
1679453	MERCOIDE SWITCH	1	19950115	814.90	1.2061	982.85
1679466	PUMP&MTR SUBMERS	1	19950115	931.31	1.2061	1,123.25
1679472	PUMP&MTR SUBMERS	0	19950115	683.35	1.2061	824.19
1679904	DISCONNECT SWITC	0	19950115	1,513.97	1.2061	1,826.00
1679907	METER	1	19950115	2,092.74	1.2061	2,524.05
1679909	STARTER MOTOR	0	19950115	3,027.93	1.2061	3,651.99
1679911	PUMP	1	19950115	4,678.21	1.2061	5,642.39
1679918	TANK	0	19950115	11,844.12	1.2061	14,285.19

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Company Code: 4005		Business Area: 4506		Sun City West Water			
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost	
Asset Class: W32500 Electric Pumping Equipment							
1679928	PUMP SUBMERSIBLE	0	19950115	4,705.99	1.2061		5,675.89
1679929	PUMP SUBMERSIBLE	0	19950115	5,186.07	1.2061		6,254.92
1679930	PUMP&MTR SUBMERS	0	19950115	14,955.20	1.2061		18,037.47
1679931	PUMP&MTR SUBMERS	0	19950115	9,411.98	1.2061		11,351.79
1679932	PUMP&MTR SUBMERS	0	19950115	12,100.82	1.2061		14,594.80
1679934	PUMP&MTR SUBMERS	0	19950115	9,958.01	1.2061		12,010.36
1679868	CONDUCTOR	56	19951215	2,034.45	1.1939		2,428.93
1679870	CONTROL	2	19951215	1,005.69	1.1939		1,200.69
1679899	AIR VACUUM AND A	1	19951215	445.21	1.1939		531.54
1679900	TIME DELAY RELAY	11	19951215	5,607.81	1.1939		6,695.16
1679902	MERCOIDE SWITCH	1	19951215	348.26	1.1939		415.79
1679905	FLOW SWITCH	0	19951215	754.40	1.1939		900.68
1679906	GAUGE	1	19951215	106.61	1.1939		127.28
1679908	METER	0	19951215	4,209.27	1.1939		5,025.45
1679910	STARTER MOTOR	0	19951215	1,257.99	1.1939		1,501.91
1679912	PUMP	1	19951215	4,946.71	1.1939		5,905.88
1679915	SUBMERSIBLE CABL	1	19951215	31,110.74	1.1939		37,143.11
1679920	TRANSFORMER	1	19951215	664.53	1.1939		793.38
1679926	PUMP&MTR SUBMERS	3	19951215	2,640.36	1.1939		3,152.33
1679927	PUMP&MTR SUBMERS	1	19951215	1,556.48	1.1939		1,858.28
1679933	PUMP&MTR SUBMERS	1	19951215	82,369.77	1.1939		98,341.27
1679935	AUTO DIALNG TELE	1	19951215	13,017.61	1.1939		15,541.72
1679938	MOTOR 100HP	1	19951215	3,830.74	1.1939		4,573.52
1679939	MOTOR 150HP	0	19951215	3,093.42	1.1939		3,693.23
1679901	TIME DELAY RELAY	0	19960115	2,197.60	1.1818		2,597.12
1679913	PUMP	0	19960115	601.50	1.1818		710.85
1679916	SUBMERSIBLE CABL	0	19960115	1,842.64	1.1818		2,177.63
1679936	AUTO DIALNG TELE	0	19960115	744.79	1.1818		880.19
1680221	VALVE	1	19960115	5,468.08	1.1818		6,462.18
1680169	DISCHARGE OR SAN	1	19960315	4,960.45	1.1818		5,862.26
1680178	AIR RELEASE VALV	1	19960315	18,697.98	1.1818		22,097.27
1680179	AIR RELEASE VALV	1	19960315	11,756.25	1.1818		13,893.54
1680181	AUTO. CNTRL. APP	1	19960315	2,493.07	1.1818		2,946.31
1680182	AUTO. CNTRL. APP	1	19960315	2,381.02	1.1818		2,813.89
1680184	ELECTRICAL PANEL	1	19960315	6,232.66	1.1818		7,365.76

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Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
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Asset Class: W32500 Electric Pumping Equipment

1680185	ELECTRICAL PANEL	1	19960315	5,704.51	1.1818	6,741.59
1680186	ELECTRICAL PANEL	0	19960315	400.49	1.1818	473.30
1680187	ELECT. PWR LN.&	1000	19960315	37,034.98	1.1818	43,767.94
1680188	ELECT. PWR LN.&	800	19960315	29,602.14	1.1818	34,983.81
1680189	DISCONNECT SWITC	1	19960315	2,493.07	1.1818	2,946.31
1680190	DISCONNECT SWITC	1	19960315	2,480.21	1.1818	2,931.11
1680191	DISCONNECT SWITC	1	19960315	2,602.63	1.1818	3,075.79
1680192	PUMP FOUNDATION	1	19960315	6,232.66	1.1818	7,365.76
1680193	PUMP FOUNDATION	1	19960315	6,200.55	1.1818	7,327.81
1680194	FRAME OR BEDPLAT	0	19960315	5,599.40	1.1818	6,617.37
1680195	GAUGE	1	19960315	623.26	1.1818	736.57
1680196	GAUGE	1	19960315	608.90	1.1818	719.60
1680197	IMPELLER	2	19960315	5,755.84	1.1818	6,802.25
1680199	METER	1	19960315	4,362.86	1.1818	5,156.03
1680200	METER	1	19960315	4,340.38	1.1818	5,129.46
1680203	STARTER MOTOR	1	19960315	17,451.46	1.1818	20,624.14
1680204	STARTER MOTOR	1	19960315	17,361.55	1.1818	20,517.88
1680205	PIPING AIR	1	19960315	3,116.34	1.1818	3,682.89
1680206	PIPING AIR	1	19960315	3,100.27	1.1818	3,663.90
1680207	PIPING AIR	540	19960315	1,484.21	1.1818	1,754.04
1680208	PIPING OVER 3IN	157	19960315	20,567.80	1.1818	24,307.03
1680209	PIPING OVER 3IN	200	19960315	29,365.82	1.1818	34,704.53
1680210	PIPING OVER 3IN	0	19960315	2,243.53	1.1818	2,651.40
1680211	PIPING 3 IN AND	200	19960315	6,880.84	1.1818	8,131.78
1680212	PIPING 3 IN AND	257	19960315	6,845.41	1.1818	8,089.91
1680214	COLUMN, EACH SECT	30	19960315	27,762.98	1.1818	32,810.29
1680215	COLUMN, EACH SECT	30	19960315	27,902.47	1.1818	32,975.14
1680216	COLUMN, EACH SECT	14	19960315	5,774.58	1.1818	6,824.40
1680217	SUBMERSIBLE CABL	600	19960315	7,479.20	1.1818	8,838.92
1680218	SUBMERSIBLE CABL	600	19960315	7,143.02	1.1818	8,441.62
1680219	VALVE	9	19960315	7,105.24	1.1818	8,396.97
1680220	VALVE	9	19960315	8,025.99	1.1818	9,485.11
1680230	PUMP&MTR SUBMERS	1	19960315	27,335.15	1.1818	32,304.68
1680231	PUMP&MTR SUBMERS	1	19960315	20,461.83	1.1818	24,181.79
1680232	PUMP&MTR SUBMERS	1	19960315	23,739.70	1.1818	28,055.58

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Witness: Bourassa

Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W32500 Electric Pumping Equipment						
1680233	PUMP&MTR SUBMERS	1	19960315	13,993.50	1.1818	16,537.52
1680222	VALVE	1	19960515	6,608.64	1.1818	7,810.09
1680165	REDUCED PRESSURE	6	19960915	6,658.56	1.1700	7,790.52
1680166	REDUCED PRESSURE	2	19960915	5,598.70	1.1700	6,550.48
1680198	IMPELLER	3	19961015	10,404.54	1.1700	12,173.31
1680223	VALVE	1	19961015	1,073.76	1.1700	1,256.30
1680167	CONTROL	14	19961215	3,275.78	1.1700	3,832.66
1680168	MECHANICAL SEAL	2	19961215	2,581.49	1.1700	3,020.34
1680176	AIR COMPRESSOR	1	19961215	923.01	1.1700	1,079.92
1680177	AIR COMPRESSOR	1	19961215	860.64	1.1700	1,006.95
1680180	MERCOIDE SWITCH	2	19961215	530.75	1.1700	620.98
1680183	DRIVE UNIT OR CO	2	19961215	967.84	1.1700	1,132.37
1680201	METER	0	19961215	285.63	1.1700	334.19
1680202	METER ASSEMBLY P	0	19961215	442.74	1.1700	518.01
1680225	PHASE FAILURE RE	2	19961215	181.85	1.1700	212.76
1680229	PUMP&MTR SUBMERS	1	19961215	368.96	1.1700	431.68
1680236	MOTOR 100HP	1	19961215	1,183.36	1.1700	1,384.53
1680463	CONDUCTOR	0	19970215	9,668.33	1.1471	11,090.54
1680510	PUMP SUBMERSIBLE	1	19970215	17,557.47	1.1471	20,140.17
1680515	MOTOR 200 HP	1	19970615	18,046.72	1.1471	20,701.39
1680514	MOTOR 200 HP	0	19970715	10,130.36	1.1471	11,620.54
1680511	PUMP SUBMERSIBLE	2	19970815	16,258.78	1.1471	18,650.45
1680497	METER ASSEMBLY P	1	19971115	3,448.90	1.1471	3,956.23
1680503	REGULATING OR RE	1	19971115	1,149.63	1.1471	1,318.74
1680464	CONDUCTOR	356	19971215	22,655.15	1.1471	25,987.72
1680465	CONDUIT, EACH RU	180	19971215	11,541.53	1.1471	13,239.29
1680466	CONDUIT, EACH RU	200	19971215	1,290.40	1.1471	1,480.22
1680467	GENERATOR	0	19971215	142,341.44	1.1471	163,279.87
1680468	CONTROL	1	19971215	316.50	1.1471	363.06
1680473	MECHANICAL SEAL	1	19971215	246.00	1.1471	282.19
1680486	AUTO. CNTRL. APP	0	19971215	75,383.36	1.1471	86,472.25
1680487	AUTO. CNTRL. APP	0	19971215	363.85	1.1471	417.37
1680489	DRIVE UNIT OR CO	1	19971215	1,623.66	1.1471	1,862.50
1680490	ELECTRICAL PANEL	2	19971215	2,025.92	1.1471	2,323.93
1680491	ELECT. PWR LN.&	2	19971215	2,234.07	1.1471	2,562.70

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Plant at 12/31/2001

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Witness: Bourassa

Company Code: 4005		Business Area: 4506		Sun City West Water			
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost	
Asset Class: W32500 Electric Pumping Equipment							
1680492	DISCONNECT SWITC	2	19971215	2,580.79	1.1471	2,960.42	
1680493	PUMP FOUNDATION	2	19971215	6,470.07	1.1471	7,421.82	
1680494	IMPELLER	1	19971215	7,075.29	1.1471	8,116.07	
1680495	METER	1	19971215	2,400.23	1.1471	2,753.30	
1680496	METER	1	19971215	5,161.57	1.1471	5,920.84	
1680498	STARTER MOTOR	2	19971215	3,225.99	1.1471	3,700.53	
1680500	PIPING OVER 3IN	200	19971215	6,451.98	1.1471	7,401.07	
1680501	PUMP	2	19971215	7,593.51	1.1471	8,710.52	
1680502	REGULATING OR RE	1	19971215	165.42	1.1471	189.75	
1680504	TANK	1	19971215	645.19	1.1471	740.10	
1680505	TRANSFORMER	2	19971215	479.98	1.1471	550.59	
1680506	VALVE	8	19971215	6,451.97	1.1471	7,401.05	
1680507	SOLENOID VALVE	4	19971215	684.68	1.1471	785.40	
1680509	PUMP&MTR SUBMERS	1	19971215	356.29	1.1471	408.70	
1680512	MOTOR 15HP	2	19971215	5,161.60	1.1471	5,920.87	
1680513	MOTOR 100HP	0	19971215	2,563.37	1.1471	2,940.44	
1680707	IMPELLER	2	19980115	8,683.05	1.1360	9,863.94	
1680721	PUMP SUBMERSIBLE	1	19980115	22,592.53	1.1360	25,665.11	
1680725	MOTOR 200 HP	1	19980115	20,888.51	1.1360	23,729.35	
1680713	VALVE	1	19980515	3,931.44	1.1360	4,466.12	
1680720	PUMP SUBMERSIBLE	1	19980515	23,993.72	1.1360	27,256.87	
1680726	MOTOR 200 HP	0	19980515	15,037.81	1.1360	17,082.95	
1680705	DISCONNECT SWITC	1	19980615	2,369.72	1.1360	2,692.00	
1680709	STARTER MOTOR	1	19980615	3,602.89	1.1360	4,092.88	
1680711	PUMP	1	19980715	6,807.98	1.1250	7,658.98	
1680727	MOTOR 200 HP	0	19980915	19,302.15	1.1250	21,714.92	
1680706	DISCONNECT SWITC	1	19981015	10,066.38	1.1250	11,324.68	
1680710	STARTER MOTOR	1	19981015	9,735.40	1.1250	10,952.33	
1680722	PUMP SUBMERSIBLE	1	19981015	15,000.80	1.1250	16,875.90	
1680723	PUMP SUBMERSIBLE	11	19981015	11,137.55	1.1250	12,529.74	
1680728	MOTOR 200 HP	0	19981015	17,797.56	1.1250	20,022.26	
1680729	MOTOR 200 HP	10	19981015	10,806.50	1.1250	12,157.31	
1680697	CONTROL	5	19981215	456.08	1.1250	513.09	
1680698	CONTROL	16	19981215	2,023.21	1.1250	2,276.11	
1680703	AIR RELEASE VALV	24	19981215	2,110.84	1.1250	2,374.70	

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Witness: Bourassa

Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W32500 Electric Pumping Equipment						
1680704	MERCOIDE SWITCH	4	19981215	693.34	1.1250	780.01
1680708	METER ASSEMBLY P	1	19981215	2,331.41	1.1250	2,622.84
1680714	VALVE	7	19981215	3,326.44	1.1250	3,742.25
1680718	PUMP&MTR SUBMERS	1	19981215	513.97	1.1250	578.22
1680724	MOTOR 100HP	1	19981215	2,118.72	1.1250	2,383.56
1784493	GENERATOR	0	19990315	1,587.90	1.1038	1,752.72
1784494	SUBMERSIBLE CABL	322	19990415	2,783.61	1.1038	3,072.55
3021932		1	19990531	11,174.63	1.1038	12,334.56
3055272	Booster Pump	1	19991231	5,884.44	1.1038	6,495.24
3055279	Impeller	1	19991231	13,146.40	1.1038	14,511.00
3055281	250HP SUB MOTOR	1	19991231	14,987.01	1.1038	16,542.66
3055282	SUB PUMP BOWLS	1	19991231	14,987.00	1.1038	16,542.65
3057780	VALVE	2	19991231	1,148.48	1.1038	1,267.69
3057790	VALVE	5	19991231	1,962.06	1.1038	2,165.72
3057791	MOTOR	1	19991231	994.37	1.1038	1,097.59
3057792	MOTOR	3	19991231	4,180.91	1.1038	4,614.89
3057337	CONDUCTOR	120	20000131	2,419.48	1.0833	2,621.02
3057338	CONDUIT	120	20000131	2,419.48	1.0833	2,621.02
3057339	MANUAL TRANSFER	1	20000131	9,384.94	1.0833	10,166.71
3057346	CONDUCTOR	80	20000131	1,618.69	1.0833	1,753.53
3057347	CONDUIT	80	20000131	1,619.72	1.0833	1,754.64
3057348	MANUAL TRANSFER	1	20000131	7,171.13	1.0833	7,768.49
3093737	200 HP SUB MOTOR	1	20001231	21,294.00	1.0354	22,047.81
3093749	250 HP SUB PUMP	1	20001231	32,875.54	1.0354	34,039.33
3093750	SUB PUMP & MOTOR	1	20001231	38,733.44	1.0354	40,104.60
3093752	4" MOD #50G-01BK	1	20001231	1,809.02	1.0354	1,873.06
3093753	6" MOD #61G-02BK	1	20001231	3,037.32	1.0354	3,144.84
3093754	COLUMN PIPE	3	20001231	6,974.58	1.0354	7,221.48
3093755	BOOSTER PUMP ITT	1	20001231	6,813.12	1.0354	7,054.30
3095262	BOOSTER PUMP	1	20001231	1,813.88	1.0354	1,878.09
3117964	ALLIS CHALMERS 8	1	20010731	6,268.03	1.0000	6,268.03
3117965	FREIGHT	1	20010731	167.53	1.0000	167.53
3117966	LABOR TO INSTALL	1	20010731	1,657.44	1.0000	1,657.44
3117967	ROFI ADD ON MLI1	1	20010731	285.44	1.0000	285.44
3117968	WATER SPECIALIES	1	20010731	1,370.26	1.0000	1,370.26

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RCN Asset Listing
Plant at 12/31/2001

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Witness: Bourassa

Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W32500 Electric Pumping Equipment						
3117969	ELECTRICAL REPAI	1	20010731	3,648.34	1.0000	3,648.34
3129094	200 HP EXODYNE M	1	20011031	18,301.94	1.0000	18,301.94
3129097	Meter Head Rep.	1	20011031	1,375.77	1.0000	1,375.77
3134500	Repair Pump & Mo	1	20011130	50,261.67	1.0000	50,261.67
3134501	Pump & Submotor	1	20011130	49,288.31	1.0000	49,288.31
Total for class W32500:				4,860,858.08		6,824,428.27
Asset Class: W32600 Diesel Pumping Equipment						
1678011	COMPET DIESEL EN	0	19871001	913.26	1.4810	1,352.54
1680227	OIL STORAGE TANK	0	19960615	3,591.24	1.1818	4,244.13
Total for class W32600:				4,504.50		5,596.67
Asset Class: W32800						
1679447	BATTERY	1	19940115	428.74	1.2580	539.35
1679448	BATTERY	0	19950115	642.16	1.2061	774.51
1680226	MUFFLER	1	19961215	692.81	1.1700	810.59
Total for class W32800:				1,763.71		2,124.45
Asset Class: W33100 Structures and Improvements						
1677713	CHLORINE HOUSE	1	19860510	10,022.00	1.5195	15,228.43
1677720	CONDUIT EACH	1	19860510	2,010.00	1.5195	3,054.20
1678436	MINOR STRUCTURE	1	19891215	3,016.66	1.3930	4,202.21
1678817	MINOR STRUCTURE	1	19911215	4,739.36	1.3605	6,447.90
1680134	MINOR STRUCTURE	1	19960315	9,273.60	1.1818	10,959.54
1680135	MINOR STRUCTURE	1	19960315	9,295.57	1.1818	10,985.50
Total for class W33100:				38,357.19		50,877.78
Asset Class: W33200 Water Treatment Equipment						
1677555	CHLORINE PIPING	1	19840101	244.00	1.6028	391.08
1677556	DESANDER	1	19840101	10,057.00	1.6028	16,119.36
1677643	DESANDER	1	19850101	466.00	1.5394	717.36
1677781	PIPING 3IN & UND	1	19860101	474.00	1.5195	720.24
1678013	CHLORINATOR EACH	1	19871001	6,174.79	1.4810	9,144.86
1678014	CHLORINE PIPING	0	19871001	299.92	1.4810	444.18
1678015	PUMP EACH	1	19871001	649.82	1.4810	962.38
1678016	DESANDER	0	19871001	201.08	1.4810	297.80

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Witness: Bourassa

Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W33200 Water Treatment Equipment						
1678017	VALVE CONTROL SY	0	19871001	151.11	1.4810	223.79
1678018	VALVE CONTROL SY	1	19871001	623.24	1.4810	923.02
1678496	CHLORINATOR EACH	1	19891215	2,669.71	1.3930	3,718.91
1678497	CHLORINE PIPING	0	19891215	150.38	1.3930	209.48
1678498	PUMP EACH	1	19891215	424.90	1.3930	591.89
1678678	PUMP EACH	1	19900515	363.33	1.3930	506.12
1678677	CHLORINATOR EACH	1	19901015	1,839.41	1.3605	2,502.52
1678679	FLUSH VALVE	1	19901015	1,362.00	1.3605	1,853.00
1678680	FLUSH VALVE	1	19901015	1,394.00	1.3605	1,896.54
1678871	PUMP EACH	1	19910615	361.00	1.3765	496.92
1678868	CHLORINATOR EACH	1	19911115	1,732.00	1.3605	2,356.39
1678869	CHLORINATOR EACH	1	19911115	1,699.00	1.3605	2,311.49
1678874	FLUSH VALVE	1	19911115	1,365.00	1.3605	1,857.08
1678875	FLUSH VALVE	1	19911115	1,426.01	1.3605	1,940.09
1678867	CHLORINATOR EACH	1	19911215	2,458.13	1.3605	3,344.29
1678870	CHLORINE PIPING	2	19911215	1,535.74	1.3605	2,089.37
1678872	DESANDER	1	19911215	17,076.86	1.3605	23,233.07
1678873	FLUSH VALVE	1	19911215	692.10	1.3605	941.60
1678876	VALVE CONTROL SY	1	19911215	906.87	1.3605	1,233.80
1679235	CHLORINE PIPING	2	19930315	697.83	1.3146	917.37
1679940	PIPING OVER 3	2	19951215	45.93	1.1939	54.84
1679941	CHLORINATOR	6	19951215	6,604.12	1.1939	7,884.66
1680237	CHLORINATOR	1	19960315	3,493.07	1.1818	4,128.11
1680238	CHLORINATOR	1	19960315	3,501.33	1.1818	4,137.87
1680242	CHLORINE PIPING	1	19960315	3,709.45	1.1818	4,383.83
1680243	CHLORINE PIPING	1	19960315	3,718.22	1.1818	4,394.19
1680244	SUMP PUMP	1	19960315	2,472.98	1.1818	2,922.57
1680245	SUMP PUMP	1	19960315	2,478.81	1.1818	2,929.46
1680239	CHLORINATOR	2	19961215	967.87	1.1700	1,132.41
1680240	CHLORINATOR	12	19961215	13,880.78	1.1700	16,240.51
1680519	DESANDER	0	19970815	9,953.62	1.1471	11,417.80
1680516	CHLORINATOR	3	19971215	7,041.60	1.1471	8,077.42
1680517	EXHAUST FAN	1	19971215	15.19	1.1471	17.42
1680518	PIPING 3IN & UND	0	19971215	10.28	1.1471	11.79
1680733	WEIGHING EQUIPT	1	19980515	2,776.74	1.1360	3,154.38

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Plant at 12/31/2001

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Witness: Bourassa

Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W33200 Water Treatment Equipment						
1680734	WEIGHING EQUIPT	1	19980515	3,073.12	1.1360	3,491.06
1680735	WEIGHING EQUIPT	1	19980515	3,550.89	1.1360	4,033.81
1680736	WEIGHING EQUIPT	1	19980515	2,805.37	1.1360	3,186.90
1680737	WEIGHING EQUIPT	1	19980515	2,281.37	1.1360	2,591.64
1680738	WEIGHING EQUIPT	1	19980515	3,038.79	1.1360	3,452.07
1680739	WEIGHING EQUIPT	1	19980515	2,223.34	1.1360	2,525.71
1680730	CHLORINE PUMP	4	19981215	1,629.78	1.1250	1,833.50
1680731	CHLORINATOR	0	19981215	591.58	1.1250	665.53
1680732	RATE CONTROLLER	2	19981215	2,192.52	1.1250	2,466.59
3057793	CHLORINE EQUIPME	2	19991231	2,012.46	1.1038	2,221.35
3093756	CL-15 SUPERIOR C	1	20001231	2,618.16	1.0354	2,710.84
3093757	CL-15 SUPERIOR C	1	20001231	2,618.16	1.0354	2,710.84
3129096	CHLORINATION EQU	1	20011031	2,886.70	1.0000	2,886.70
Total for class W33200:				149,687.46		187,607.80
Asset Class: W34200 Distribution, Reservoirs, & ST						
1677071	STANDPIPE OR ELE	1	19780701	15,626.00	2.2502	35,161.63
1677153	CORROSION PROTEC	1	19790701	5,828.00	2.0525	11,961.97
1677154	OVERFLOW PIPE	578	19790701	8,793.00	2.0525	18,047.63
1677155	STANDPIPE OR ELE	1	19790701	241,393.00	2.0525	495,459.13
1677480	STANDPIPE OR ELE	1	19830101	4,239.00	1.6480	6,985.87
1677559	STANDPIPE OR ELE	1	19840101	2,808.00	1.6028	4,500.66
1677560	STANDPIPE OR ELE	1	19840101	49.00	1.6028	78.54
1677783	650000 GAL STEEL	1	19860101	24,284.00	1.5195	36,899.54
1677785	CORROSION PROTEC	2	19860101	5,842.00	1.5195	8,876.92
1677786	PRESSURE TANK 10	1	19860101	13.00	1.5195	19.75
1677784	650000 GAL STEEL	0	19871001	174.39	1.4810	258.27
1677787	PRESSURE TANK 10	0	19871001	220.27	1.4810	326.22
1678692	2000 G HYDROPNEU	1	19900315	2,265.78	1.3930	3,156.23
1678693	10000 GAL STEEL	1	19900315	9,063.13	1.3930	12,624.94
1678880	TANK	1	19910215	417.72	1.3765	574.99
1679239	CORROSION PROTEC	1	19930115	7,214.25	1.3146	9,483.85
1679242	FOUNDATION FOR T	1	19930115	28,009.93	1.3146	36,821.85
1679243	COMPLETE STEEL T	1	19930115	264,849.18	1.3146	348,170.73
1679244	2000 G HYDROPNEU	1	19930115	3,053.82	1.3146	4,014.55

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Total for class W34200:

624,143.47

1,033,423.27

Asset Class:	W34300	Transmission and Distribution		
1677068	PIPING OVER 3IN	1	19780701	2.2502
1677072	BLOW-OFF EACH	35	19780701	2.2502
1677080	ASB CEM MAINS 4I	5461	19780701	2.2502
1677081	ASB CEM MAINS 6I	111467	19780701	2.2502
1677082	ASB CEM MAINS 8I	1404	19780701	2.2502
1677083	ASB CEM MAINS10I	18492	19780701	2.2502
1677084	ASB CEM MAINS12I	21974	19780701	2.2502
1677085	ASB CEM MAINS14I	2200	19780701	2.2502
1677086	ASB CEM MAINS16I	146	19780701	2.2502
1677087	ASB CEM MAINS18I	104	19780701	2.2502
1677088	ASB CEM MAINS20I	150	19780701	2.2502
1677094	VALVE BUTTERFLY	22	19780701	2.2502
1677095	VALVE BUTTERFLY	354	19780701	2.2502
1677097	VALVE BUTTERFLY	3	19780701	2.2502
1677099	VALVE BUTTERFLY	35	19780701	2.2502
1677100	VALVE BUTTERFLY	34	19780701	2.2502
1677101	VALVE BUTTERFLY	3	19780701	2.2502
1677102	VALVE BUTTERFLY	2	19780701	2.2502
1677103	VALVE BOX EACH	372	19780701	2.2502
1677105	TAP SLVE AND VAL	1	19780701	2.2502
1677106	TAP SLVE AND VAL	2	19780701	2.2502
1677156	BLOW-OFF EACH	3	19790701	2.0525
1677163	ASB CEM MAINS 4I	1001	19790701	2.0525
1677164	ASB CEM MAINS 6I	39596	19790701	2.0525
1677165	ASB CEM MAINS 6I	10504	19790701	2.0525
1677166	ASB CEM MAINS 8I	1863	19790701	2.0525
1677167	ASB CEM MAINS 8I	153	19790701	2.0525
1677168	ASB CEM MAINS10I	3276	19790701	2.0525
1677169	ASB CEM MAINS10I	1170	19790701	2.0525
1677170	ASB CEM MAINS12I	5658	19790701	2.0525
1677171	ASB CEM MAINS12I	1	19790701	2.0525
1677172	ASB CEM MAINS20I	13	19790701	2.0525
1677179	VALVE BUTTERFLY	11	19790701	2.0525
1677180	VALVE BUTTERFLY	61	19790701	2.0525
1677181	VALVE BUTTERFLY	15	19790701	2.0525
1677182	VALVE BUTTERFLY	9	19790701	2.0525

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RCN Asset Listing Plant at 12/31/2001

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Witness: Bourassa

Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34300 Transmission and Distribution						
1677183	VALVE BUTTERFLY	9	19790701	4,684.00	2.0525	9,613.91
1677184	VALVE BUTTERFLY	2	19790701	2,249.00	2.0525	4,616.07
1677186	VALVE BOX EACH	125	19790701	5,083.00	2.0525	10,432.86
1677188	TAP SLVE AND VAL	1	19790701	479.00	2.0525	983.15
1677246	BLOW-OFF EACH	52	19800701	5,078.00	1.8282	9,283.60
1677250	ASB CEM MAINS 4I	4984	19800701	22,537.00	1.8282	41,202.14
1677251	ASB CEM MAINS 6I	26190	19800701	355,546.00	1.8282	650,009.20
1677252	ASB CEM MAINS 8I	4901	19800701	28,571.00	1.8282	52,233.50
1677253	ASB CEM MAINS10I	7880	19800701	134,099.00	1.8282	245,159.79
1677254	ASB CEM MAINS12I	2208	19800701	30,564.00	1.8282	55,877.10
1677255	ASB CEM MAINS14I	1	19800701	1,382.00	1.8282	2,526.57
1677256	ASB CEM MAINS18I	2314	19800701	79,942.00	1.8282	146,149.96
1677258	VALVE BUTTERFLY	1	19800701	92.00	1.8282	168.19
1677259	VALVE BUTTERFLY	50	19800701	9,323.00	1.8282	17,044.31
1677260	VALVE BUTTERFLY	107	19800701	25,518.00	1.8282	46,652.01
1677261	VALVE BUTTERFLY	7	19800701	2,308.00	1.8282	4,219.49
1677262	VALVE BUTTERFLY	16	19800701	7,769.00	1.8282	14,203.29
1677263	VALVE BUTTERFLY	13	19800701	6,664.00	1.8282	12,183.12
1677264	VALVE BUTTERFLY	2	19800701	5,503.00	1.8282	10,058.76
1677265	VALVE BOX EACH	237	19800701	10,068.00	1.8282	18,406.32
1677267	TAP SLVE AND VAL	1	19800701	550.00	1.8282	1,005.51
1677325	BLOW-OFF EACH	8	19810101	1,352.00	1.7464	2,361.13
1677326	STEEL CASING PIP	1	19810101	80.00	1.7464	139.71
1677331	ASB CEM MAINS 4I	666	19810101	3,063.00	1.7464	5,349.22
1677332	ASB CEM MAINS 6I	25422	19810101	179,672.00	1.7464	313,779.18
1677333	ASB CEM MAINS 8I	46	19810101	3,822.00	1.7464	6,674.74
1677334	ASB CEM MAINS10I	1	19810101	18,523.00	1.7464	32,348.57
1677335	ASB CEM MAINS12I	8138	19810101	130,038.00	1.7464	227,098.36
1677336	ASB CEM MAINS14I	6344	19810101	112,742.00	1.7464	196,892.63
1677337	CAP 16 IN ALL CL	2418	19810101	52,978.00	1.7464	92,520.78
1677338	ASB CEM MAINS18I	1092	19810101	43,917.00	1.7464	76,696.65
1677340	VALVE BUTTERFLY	5	19810101	1,094.00	1.7464	1,910.56
1677341	VALVE BUTTERFLY	60	19810101	20,799.00	1.7464	36,323.37
1677342	VALVE BUTTERFLY	1	19810101	949.00	1.7464	1,657.33
1677343	VALVE BUTTERFLY	6	19810101	3,690.00	1.7464	6,444.22

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RCN Asset Listing
Plant at 12/31/2001

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Witness: Bourassa

Company Code: 4005		Business Area: 4506		Sun City West Water		
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34300 Transmission and Distribution						
1677344	VALVE BUTTERFLY	11	19810101	15,479.00	1.7464	27,032.53
1677345	VALVE BUTTERFLY	5	19810101	5,607.00	1.7464	9,792.06
1677346	VALVE BUTTERFLY	1	19810101	1,773.00	1.7464	3,096.37
1677347	VALVE BOX EACH	114	19810101	5,000.00	1.7464	8,732.00
1677350	TAP SLVE AND VAL	1	19810101	446.00	1.7464	778.89
1677409	ASB CEM MAINS 4I	312	19820101	2,412.00	1.7206	4,150.09
1677410	ASB CEM MAINS 6I	7995	19820101	111,031.00	1.7206	191,039.94
1677411	ASB CEM MAINS 8I	1	19820101	1,325.00	1.7206	2,279.80
1677412	ASB CEM MAINS10I	3795	19820101	80,565.00	1.7206	138,620.14
1677413	ASB CEM MAINS12I	1284	19820101	26,649.00	1.7206	45,852.27
1677414	ASB CEM MAINS14I	220	19820101	4,810.00	1.7206	8,276.09
1677415	CAP 16 IN ALL CL	8021	19820101	154,307.00	1.7206	265,500.62
1677416	ASB CEM MAINS18I	1313	19820101	78,011.00	1.7206	134,225.73
1677417	ASB CEM MAINS20I	2476	19820101	110,672.00	1.7206	190,422.24
1677420	VALVE BUTTERFLY	14	19820101	12,425.00	1.7206	21,378.46
1677421	VALVE BUTTERFLY	14	19820101	9,310.00	1.7206	16,018.79
1677422	VALVE BUTTERFLY	1	19820101	619.00	1.7206	1,065.05
1677423	VALVE BUTTERFLY	1	19820101	1,198.00	1.7206	2,061.28
1677424	VALVE BUTTERFLY	6	19820101	9,199.00	1.7206	15,827.80
1677425	VALVE BUTTERFLY	1	19820101	2,277.00	1.7206	3,917.81
1677426	VALVE BUTTERFLY	4	19820101	10,585.00	1.7206	18,212.55
1677427	VALVE BOX EACH	108	19820101	6,822.00	1.7206	11,737.93
1677429	TAP SLVE AND VAL	1	19820101	812.00	1.7206	1,397.13
1677481	BLOW-OFF EACH	1	19830101	7.00	1.6480	11.54
1677486	ASB CEM MAINS 4I	39	19830101	227.00	1.6480	374.10
1677487	ASB CEM MAINS 6I	240	19830101	7,008.00	1.6480	11,549.18
1677488	ASB CEM MAINS 8I	1	19830101	79.00	1.6480	130.19
1677489	ASB CEM MAINS10I	1	19830101	34.00	1.6480	56.03
1677490	CAP 16 IN ALL CL	318	19830101	8,396.00	1.6480	13,836.61
1677491	ASB CEM MAINS18I	1	19830101	5,041.00	1.6480	8,307.57
1677493	VALVE BUTTERFLY	1	19830101	1,900.00	1.6480	3,131.20
1677494	VALVE BOX EACH	1	19830101	1,537.00	1.6480	2,532.98
1677495	TAP SLVE AND VAL	1	19830101	703.00	1.6480	1,158.54
1677561	BLOW-OFF EACH	9	19840101	1,294.00	1.6028	2,074.02
1677566	CAST IRON MAINS	68	19840101	862.00	1.6028	1,381.61

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RCN Asset Listing Plant at 12/31/2001

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Witness: Bourassa

Company Code: 4005 Business Area: 4506

Sun City West Water

Asset Class:	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Transmission and Distribution						
1677567	ASB CEM MAINS 4I	1447	19840101	8,844.00	1.6028	14,175.16
1677568	ASB CEM MAINS 6I	56541	19840101	408,681.00	1.6028	655,033.91
1677569	ASB CEM MAINS 8I	5925	19840101	58,437.00	1.6028	93,662.82
1677570	ASB CEM MAINS10I	1011	19840101	13,072.00	1.6028	20,951.80
1677571	ASB CEM MAINS12I	3558	19840101	87,179.00	1.6028	139,730.50
1677572	ASB CEM MAINS14I	4630	19840101	93,187.00	1.6028	149,360.12
1677573	CAP 16 IN ALL CL	1	19840101	2,211.00	1.6028	3,543.79
1677574	ASB CEM MAINS18I	2161	19840101	67,633.00	1.6028	108,402.17
1677575	ASB CEM MAINS20I	32	19840101	3,377.00	1.6028	5,412.66
1677576	VALVE BUTTERFLY	7	19840101	1,487.00	1.6028	2,383.36
1677577	VALVE BUTTERFLY	109	19840101	37,206.00	1.6028	59,633.78
1677578	VALVE BUTTERFLY	5	19840101	1,504.00	1.6028	2,410.61
1677579	VALVE BUTTERFLY	4	19840101	2,119.00	1.6028	3,396.33
1677580	VALVE BUTTERFLY	8	19840101	4,991.00	1.6028	7,999.57
1677581	VALVE BUTTERFLY	2	19840101	2,845.00	1.6028	4,559.97
1677582	VALVE BUTTERFLY	1	19840101	2,606.00	1.6028	4,176.90
1677583	VALVE BOX EACH	237	19840101	28,601.00	1.6028	45,841.68
1677585	TAP SLVE AND VAL	7	19840101	10,343.00	1.6028	16,577.76
1677587	TAP SLVE AND VAL	4	19840101	7,484.00	1.6028	11,995.36
1677588	TAP SLVE AND VAL	1	19840101	2,896.00	1.6028	4,641.71
1677646	BLOW-OFF EACH	31	19850101	6,897.00	1.5394	10,617.24
1677647	STEEL CASING PIP	1	19850101	4,141.00	1.5394	6,374.66
1677650	ASB CEM MAINS 4I	1	19850101	1,517.00	1.5394	2,335.27
1677651	ASB CEM MAINS 6I	35203	19850101	234,677.00	1.5394	361,261.77
1677653	ASB CEM MAINS 8I	1	19850101	218.00	1.5394	335.59
1677654	ASB CEM MAINS10I	676	19850101	34,362.00	1.5394	52,896.86
1677655	ASB CEM MAINS12I	5393	19850101	71,822.00	1.5394	110,562.79
1677656	ASB CEM MAINS14I	1235	19850101	20,742.00	1.5394	31,930.23
1677657	ASB CEM MAINS14I	1	19850101	417.00	1.5394	641.93
1677658	CAP 16 IN ALL CL	2809	19850101	88,221.00	1.5394	135,807.41
1677659	ASB CEM MAINS18I	1	19850101	3,156.00	1.5394	4,858.35
1677661	VALVE BUTTERFLY	75	19850101	28,565.00	1.5394	43,972.96
1677662	VALVE BUTTERFLY	4	19850101	1,994.00	1.5394	3,069.56
1677663	VALVE BUTTERFLY	10	19850101	8,726.00	1.5394	13,432.80
1677664	VALVE BUTTERFLY	1	19850101	2,114.00	1.5394	3,254.29

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RCN Asset Listing
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Witness: Bourassa

Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34300 Transmission and Distribution						
1677665	VALVE BUTTERFLY	1	19850101	5,120.00	1.5394	7,881.73
1677666	VALVE BOX EACH	195	19850101	8,961.00	1.5394	13,794.56
1677668	TAP SLVE AND VAL	6	19850101	4,756.00	1.5394	7,321.39
1677670	TAP SLVE AND VAL	2	19850101	2,575.00	1.5394	3,963.96
1677671	TAP SLVE AND VAL	2	19850101	1,752.00	1.5394	2,697.03
1677673	TAP SLVE AND VAL	3	19850101	3,109.00	1.5394	4,785.99
1677790	BLOW-OFF EACH	9	19860101	332.00	1.5195	504.47
1677791	BLOW-OFF EACH	1	19860101	812.00	1.5195	1,233.83
1677801	DUCTILE IRON MN	6	19860101	147.00	1.5195	223.37
1677802	ASB CEM MAINS 4I	1	19860101	95.00	1.5195	144.35
1677803	ASB CEM MAINS 6I	24531	19860101	215,093.00	1.5195	326,833.81
1677804	ASB CEM MAINS 6I	1	19860101	1,638.00	1.5195	2,488.94
1677807	ASB CEM MAINS 6I	1209	19860101	26,746.00	1.5195	40,640.55
1677808	ASB CEM MAINS 6I	1	19860101	1,083.00	1.5195	1,645.62
1677809	ASB CEM MAINS 6I	397	19860101	5,022.00	1.5195	7,630.93
1677810	ASB CEM MAINS 6I	1	19860101	65.00	1.5195	98.77
1677811	ASB CEM MAINS 8I	257	19860101	13,160.00	1.5195	19,996.62
1677812	ASB CEM MAINS10I	4996	19860101	32,415.00	1.5195	49,254.59
1677813	ASB CEM MAINS10I	1	19860101	235.00	1.5195	357.08
1677814	ASB CEM MAINS12I	1967	19860101	96,917.00	1.5195	147,265.38
1677815	ASB CEM MAINS14I	672	19860101	15,537.93	1.5195	23,609.88
1677817	ASB CEM MAINS14I	1	19860101	1,026.00	1.5195	1,559.01
1677818	CAP 16 IN ALL CL	7106	19860101	123,661.18	1.5195	187,903.16
1677820	ASB CEM MAINS18I	1	19860101	7,779.00	1.5195	11,820.19
1677823	VALVE GATE EACH	1	19860101	585.00	1.5195	888.91
1677824	VALVE BUTTERFLY	69	19860101	18,933.00	1.5195	28,768.69
1677825	VALVE BUTTERFLY	1	19860101	310.00	1.5195	471.05
1677826	VALVE BUTTERFLY	6	19860101	7,445.00	1.5195	11,312.68
1677827	VALVE BUTTERFLY	6	19860101	2,899.00	1.5195	4,405.03
1677828	VALVE BUTTERFLY	2	19860101	8,610.00	1.5195	13,082.90
1677829	VALVE BUTTERFLY	3	19860101	4,038.00	1.5195	6,135.74
1677830	VALVE BOX EACH	71	19860101	10,078.00	1.5195	15,313.52
1677831	VALVE BOX EACH	4	19860101	2,056.00	1.5195	3,124.09
1677833	VALVE BOX EACH	1	19860101	455.00	1.5195	691.37
1677837	VALVE BOX EACH	1	19860101	45.00	1.5195	68.38

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Witness: Bourassa

Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34300 Transmission and Distribution						
1677839	VALVE BOX EACH	31	19860101	10,078.00	1.5195	15,313.52
1677840	VALVE BOX EACH	1	19860101	2,817.00	1.5195	4,280.43
1677842	TAP SLVE AND VAL	2	19860101	3,139.00	1.5195	4,769.71
1677844	TAP SLVE AND VAL	3	19860101	5,134.00	1.5195	7,801.11
1677861	POLYETHELENE SER	1	19860101	4,612.43	1.5195	7,008.59
1678020	BLOW-OFF EACH	0	19871001	189.94	1.4810	281.30
1678021	BLOW-OFF EACH	0	19871001	44.81	1.4810	66.36
1678022	BLOW-OFF EACH	0	19871001	2,104.17	1.4810	3,116.28
1678023	BLOW-OFF EACH	0	19871001	533.52	1.4810	790.14
1678043	ASB CEM MAINS 6I	1117	19871001	3,541.23	1.4810	5,244.56
1678045	ASB CEM MAINS 6I	3337	19871001	16,418.62	1.4810	24,315.98
1678046	ASB CEM MAINS 6I	3022	19871001	21,733.25	1.4810	32,186.94
1678050	ASB CEM MAINS 6I	19086	19871001	114,710.16	1.4810	169,885.75
1678051	ASB CEM MAINS 6I	2756	19871001	14,714.90	1.4810	21,792.77
1678052	ASB CEM MAINS 6I	892	19871001	5,952.23	1.4810	8,815.25
1678053	ASB CEM MAINS 6I	2059	19871001	12,666.50	1.4810	18,759.09
1678054	ASB CEM MAINS 6I	15459	19871001	118,446.87	1.4810	175,419.81
1678056	ASB CEM MAINS 6I	13612	19871001	76,345.53	1.4810	113,067.73
1678058	ASB CEM MAINS 6I	150	19871001	3,975.01	1.4810	5,886.99
1678059	ASB CEM MAINS 6I	365	19871001	4,044.28	1.4810	5,989.58
1678060	ASB CEM MAINS 6I	0	19871001	320.56	1.4810	474.75
1678061	ASB CEM MAINS 8I	765	19871001	6,689.42	1.4810	9,907.03
1678062	ASB CEM MAINS 8I	0	19871001	449.07	1.4810	665.07
1678063	ASB CEM MAINS 8I	2483	19871001	15,753.68	1.4810	23,331.20
1678064	ASB CEM MAINS 8I	1677	19871001	17,219.21	1.4810	25,501.65
1678065	ASB CEM MAINS 8I	0	19871001	5,771.88	1.4810	8,548.15
1678066	ASB CEM MAINS 8I	0	19871001	405.32	1.4810	600.28
1678067	ASB CEM MAINS 8I	4006	19871001	33,878.31	1.4810	50,173.78
1678068	ASB CEM MAINS 8I	1144	19871001	10,811.62	1.4810	16,012.01
1678070	ASB CEM MAINS10I	2980	19871001	59,345.32	1.4810	87,890.42
1678073	ASB CEM MAINS10I	1622	19871001	19,166.50	1.4810	28,385.59
1678074	UNIDENTIFIED	0	19871001	1,279.00	1.4810	1,894.20
1678076	ASB CEM MAINS12I	197	19871001	2,406.15	1.4810	3,563.51
1678077	ASB CEM MAINS12I	3544	19871001	51,417.61	1.4810	76,149.48
1678078	ASB CEM MAINS12I	3107	19871001	46,578.55	1.4810	68,982.83

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Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34300 Transmission and Distribution						
1678079	ASB CEM MAINS12I	351	19871001	5,931.48	1.4810	8,784.52
1678081	VALVE GATE EACH	1	19871001	214.93	1.4810	318.31
1678082	VALVE BUTTERFLY	9	19871001	4,009.83	1.4810	5,938.56
1678083	VALVE BUTTERFLY	2	19871001	870.06	1.4810	1,288.56
1678084	VALVE BUTTERFLY	10	19871001	4,040.01	1.4810	5,983.25
1678085	VALVE BUTTERFLY	8	19871001	3,634.53	1.4810	5,382.74
1678086	VALVE BUTTERFLY	3	19871001	3,965.86	1.4810	5,873.44
1678087	VALVE BUTTERFLY	0	19871001	1,457.68	1.4810	2,158.82
1678088	VALVE BUTTERFLY	0	19871001	819.61	1.4810	1,213.84
1678089	VALVE BUTTERFLY	46	19871001	13,638.31	1.4810	20,198.34
1678090	VALVE BUTTERFLY	5	19871001	1,771.61	1.4810	2,623.75
1678091	VALVE BUTTERFLY	1	19871001	406.44	1.4810	601.94
1678092	VALVE BUTTERFLY	2	19871001	723.71	1.4810	1,071.81
1678093	VALVE BUTTERFLY	42	19871001	17,085.45	1.4810	25,303.55
1678095	VALVE BUTTERFLY	33	19871001	12,225.00	1.4810	18,105.23
1678098	VALVE BUTTERFLY	2	19871001	1,394.29	1.4810	2,064.94
1678099	VALVE BUTTERFLY	7	19871001	3,185.89	1.4810	4,718.30
1678100	VALVE BUTTERFLY	1	19871001	355.16	1.4810	525.99
1678101	VALVE BUTTERFLY	10	19871001	1,538.59	1.4810	2,278.65
1678102	VALVE BUTTERFLY	7	19871001	6,178.22	1.4810	9,149.94
1678103	VALVE BUTTERFLY	3	19871001	1,600.56	1.4810	2,370.43
1678104	VALVE BUTTERFLY	4	19871001	2,315.20	1.4810	3,428.81
1678105	VALVE BUTTERFLY	3	19871001	1,815.10	1.4810	2,688.16
1678106	VALVE BOX EACH	18	19871001	1,647.08	1.4810	2,439.33
1678107	VALVE BOX EACH	0	19871001	1,040.36	1.4810	1,540.77
1678108	VALVE BOX EACH	0	19871001	1,199.79	1.4810	1,776.89
1678109	VALVE BOX EACH	5	19871001	238.44	1.4810	353.13
1678110	VALVE BOX EACH	39	19871001	1,928.18	1.4810	2,855.63
1678112	VALVE BOX EACH	16	19871001	2,595.39	1.4810	3,843.77
1678114	VALVE BOX EACH	12	19871001	1,085.98	1.4810	1,608.34
1678115	VALVE BOX EACH	1	19871001	71.66	1.4810	106.13
1678117	VALVE BOX EACH	122	19871001	8,344.83	1.4810	12,358.69
1678118	VALVE BOX EACH	0	19871001	1,282.00	1.4810	1,898.64
1678119	VALVE BOX EACH	5	19871001	126.59	1.4810	187.48
1678120	VALVE BOX EACH	69	19871001	3,313.11	1.4810	4,906.72

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Witness: Bourassa

Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34300 Transmission and Distribution						
1678123	VALVE BOX EACH	53	19871001	2,220.38	1.4810	3,288.38
1678125	TAP SLVE AND VAL	2	19871001	559.71	1.4810	828.93
1678126	TAP SLVE AND VAL	1	19871001	1,332.42	1.4810	1,973.31
1678127	TAP SLVE AND VAL	1	19871001	533.84	1.4810	790.62
1678128	TAP SLVE AND VAL	1	19871001	622.74	1.4810	922.28
1678129	TAP SLVE AND VAL	1	19871001	1,045.32	1.4810	1,548.12
1678055	ASB CEM MAINS 6I	0	19880701	1,203.46	1.4267	1,716.98
1678057	ASB CEM MAINS 6I	0	19880701	402.72	1.4267	574.56
1678069	ASB CEM MAINS 8I	0	19880701	110.05	1.4267	157.01
1678094	VALVE BUTTERFLY	0	19880701	551.39	1.4267	786.67
1678096	VALVE BUTTERFLY	0	19880701	3,395.03	1.4267	4,843.69
1678324	ASB CEM MAINS 6I	0	19880701	33,461.00	1.4267	47,738.81
1678325	ASB CEM MAINS 6I	3312	19880701	20,684.54	1.4267	29,510.63
1678326	ASB CEM MAINS 6I	0	19880701	638.12	1.4267	910.41
1678327	ASB CEM MAINS 6I	380	19880701	11,562.41	1.4267	16,496.09
1678328	ASB CEM MAINS 6I	0	19880701	9,260.00	1.4267	13,211.24
1678329	ASB CEM MAINS12I	0	19880701	1,376.29	1.4267	1,963.55
1678331	VALVE BUTTERFLY	0	19880701	31.41	1.4267	44.81
1678332	VALVE BUTTERFLY	0	19880701	779.29	1.4267	1,111.81
1678333	VALVE BUTTERFLY	1	19880701	247.78	1.4267	353.51
1678334	VALVE BUTTERFLY	3	19880701	933.00	1.4267	1,331.11
1678338	VALVE BOX EACH	1	19880701	74.09	1.4267	105.70
1678342	VALVE BOX EACH	3	19880701	124.00	1.4267	176.91
1678121	VALVE BOX EACH	10	19881001	1,524.23	1.4267	2,174.62
1678124	VALVE BOX EACH	10	19881001	371.11	1.4267	529.46
1678336	VALVE BOX EACH	11	19881001	365.31	1.4267	521.19
1678346	TAP SLVE AND VAL	1	19881001	819.00	1.4267	1,168.47
1678502	BLOW-OFF EACH	0	19890515	3,576.16	1.4096	5,040.96
1678505	BLOW-OFF EACH	2	19890515	1,743.68	1.4096	2,457.89
1678513	DUCTILE IRON MN	18	19890515	355.45	1.4096	501.04
1678514	DUCTILE IRON MN	54	19890515	802.37	1.4096	1,131.02
1678518	ASB CEM MAINS 6I	17234	19890515	108,388.49	1.4096	152,784.42
1678522	ASB CEM MAINS 6I	15301	19890515	87,985.11	1.4096	124,023.81
1678523	ASB CEM MAINS 6I	0	19890515	11,169.59	1.4096	15,744.65
1678524	ASB CEM MAINS 6I	16	19890515	734.14	1.4096	1,034.84

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Witness: Bourassa

Company Code: 4005		Business Area: 4506		Sun City West Water		Qty	Acquisition Date	Original Cost	Factor	RCN Cost					
Main	Description	Transmission and Distribution													
Asset Class:	W34300	Transmission and Distribution													
1678527	ASB CEM MAINS10I		1645	19890515				27,868.81	1.4096	39,283.87					
1678530	ASB CEM MAINS10I		2226	19890515				23,389.19	1.4096	32,969.40					
1678532	ASB CEM MAINS12I		3622	19890515				38,936.66	1.4096	54,885.12					
1678535	ASB CEM MAINS14I		0	19890515				20,335.75	1.4096	28,665.27					
1678541	VALVE BUTTERFLY		41	19890515				12,515.39	1.4096	17,641.69					
1678545	VALVE BUTTERFLY		28	19890515				6,563.70	1.4096	9,252.19					
1678548	VALVE BUTTERFLY		3	19890515				1,897.86	1.4096	2,675.22					
1678549	VALVE BUTTERFLY		3	19890515				1,698.53	1.4096	2,394.25					
1678550	VALVE BUTTERFLY		3	19890515				1,930.56	1.4096	2,721.32					
1678551	VALVE BUTTERFLY		1	19890515				1,416.68	1.4096	1,996.95					
1678554	VALVE BOX EACH		52	19890515				2,213.20	1.4096	3,119.73					
1678558	VALVE BOX EACH		8	19890515				4,682.24	1.4096	6,600.09					
1678560	VALVE BOX EACH		1	19890515				76.27	1.4096	107.51					
1678563	TAP SLVE AND VAL		1	19890515				1,913.27	1.4096	2,696.95					
1678519	ASB CEM MAINS 6I		0	19890615				5,158.00	1.4096	7,270.72					
1678503	BLOW-OFF EACH		0	19891215				1,357.62	1.3930	1,891.16					
1678504	BLOW-OFF EACH		0	19891215				152.92	1.3930	213.02					
1678515	ASB CEM MAINS 4I		0	19891215				1,432.19	1.3930	1,995.04					
1678516	ASB CEM MAINS 4I		830	19891215				2,809.64	1.3930	3,913.83					
1678520	ASB CEM MAINS 6I		5451	19891215				132,757.87	1.3930	184,931.71					
1678521	ASB CEM MAINS 6I		127	19891215				1,383.31	1.3930	1,926.95					
1678525	ASB CEM MAINS 8I		3	19891215				12.82	1.3930	17.86					
1678526	ASB CEM MAINS10I		161	19891215				7,144.56	1.3930	9,952.37					
1678528	ASB CEM MAINS10I		0	19891215				566.36	1.3930	788.94					
1678529	ASB CEM MAINS10I		3211	19891215				26,820.55	1.3930	37,361.03					
1678533	ASB CEM MAINS12I		3314	19891215				52,962.48	1.3930	73,776.73					
1678534	ASB CEM MAINS14I		0	19891215				5,857.35	1.3930	8,159.29					
1678536	ASB CEM MAINS14I		0	19891215				16,946.32	1.3930	23,606.22					
1678537	CAP 16 IN ALL CL		0	19891215				1,273.18	1.3930	1,773.54					
1678538	VALVE GATE EACH		4	19891215				963.77	1.3930	1,342.53					
1678539	VALVE GATE EACH		1	19891215				819.78	1.3930	1,141.95					
1678540	VALVE BUTTERFLY		3	19891215				23,615.28	1.3930	32,896.09					
1678542	VALVE BUTTERFLY		9	19891215				16,045.60	1.3930	22,351.52					
1678543	VALVE BUTTERFLY		0	19891215				179.13	1.3930	249.53					
1678544	VALVE BUTTERFLY		0	19891215				870.27	1.3930	1,212.29					

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Witness: Bourassa

Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	W34300 Transmission and Distribution					
1678546	VALVE BUTTERFLY	0	19891215	326.19	1.3930	454.38
1678552	VALVE BOX EACH	0	19891215	648.00	1.3930	902.66
1678553	VALVE BOX EACH	9	19891215	13,867.06	1.3930	19,316.81
1678556	VALVE BOX EACH	10	19891215	1,704.90	1.3930	2,374.93
1678561	VALVE BOX EACH	0	19891215	15,161.35	1.3930	21,119.76
1678702	ASB CEM MAINS 6I	3302	19900115	18,774.13	1.3930	26,152.36
1678703	ASB CEM MAINS 6I	12519	19900115	74,280.52	1.3930	103,472.76
1678705	ASB CEM MAINS 8I	666	19900115	7,168.92	1.3930	9,986.31
1678706	ASB CEM MAINS 8I	0	19900115	9,501.61	1.3930	13,235.74
1678708	ASB CEM MAINS10I	130	19900115	2,669.39	1.3930	3,718.46
1678709	ASB CEM MAINS12I	1482	19900115	19,276.36	1.3930	26,851.97
1678710	ASB CEM MAINS12I	2964	19900115	43,685.15	1.3930	60,853.41
1678721	VALVE GATE EACH	3	19900115	2,461.45	1.3930	3,428.80
1678723	VALVE BUTTERFLY	7	19900115	5,625.59	1.3930	7,836.45
1678724	VALVE BUTTERFLY	37	19900115	7,545.22	1.3930	10,510.49
1678726	VALVE BUTTERFLY	0	19900115	392.59	1.3930	546.88
1678727	VALVE BUTTERFLY	24	19900115	6,374.23	1.3930	8,879.30
1678729	VALVE BUTTERFLY	3	19900115	2,265.04	1.3930	3,155.20
1678730	VALVE BUTTERFLY	5	19900115	4,494.72	1.3930	6,261.14
1678735	VALVE BOX EACH	0	19900115	251.54	1.3930	350.40
1678737	VALVE BOX EACH	0	19900115	1,898.43	1.3930	2,644.51
1678707	ASB CEM MAINS10I	0	19900215	1,481.00	1.3930	2,063.03
1678711	PVC PLS MNS 1 IN	380	19900315	566.45	1.3930	789.06
1678712	PVC PLS MNS 2IN	80	19900315	226.58	1.3930	315.63
1678713	PVC PLS MNS 4IN	2200	19900315	6,230.90	1.3930	8,679.64
1678714	PVC PLS MNS 6IN	7890	19900315	31,267.79	1.3930	43,556.03
1678698	DUCTILE IRON MN	18	19900515	783.71	1.3930	1,091.71
1678715	PVC PLS MNS 6IN	304	19900515	8,280.01	1.3930	11,534.05
1678716	PVC PLS MNS 6IN	10	19900515	141.30	1.3930	196.83
1678717	PVC PLS MNS 8IN	713	19900515	9,126.55	1.3930	12,713.28
1678718	VALVE GATE EACH	1	19900515	466.68	1.3930	650.09
1678720	VALVE GATE EACH	1	19900515	773.91	1.3930	1,078.06
1678731	VALVE BUTTERFLY	3	19900515	316.31	1.3930	440.62
1678734	VALVE BOX EACH	1	19900515	94.45	1.3930	131.57
1678740	TAP SLVE AND VAL	1	19900515	2,005.43	1.3930	2,793.56

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Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34300 Transmission and Distribution						
1678741	TAP SLVE AND VAL	1	19900515	2,352.40	1.3930	3,276.89
1678722	VALVE BUTTERFLY	0	19900615	-20,150.18	1.3930	-28,069.20
1678725	VALVE BUTTERFLY	0	19900615	109.91	1.3930	153.10
1678728	VALVE BUTTERFLY	0	19900615	409.65	1.3930	570.64
1678732	VALVE BOX EACH	0	19900615	910.48	1.3930	1,268.30
1678694	BLOW-OFF EACH	0	19901215	88.62	1.3605	120.57
1678719	VALVE GATE EACH	1	19901215	468.42	1.3605	637.29
1678739	VALVE BOX EACH	7	19901215	536.78	1.3605	730.29
1678898	VALVE GATE EACH	1	19910215	1,285.28	1.3765	1,769.19
1678892	ASB CEM MAINS 6I	0	19910515	308.59	1.3765	424.77
1678881	BLOW-OFF EACH	0	19911115	403.14	1.3605	548.47
1678893	ASB CEM MAINS 6I	3289	19911115	27,068.36	1.3605	36,826.50
1678899	VALVE GATE EACH	12	19911115	2,629.09	1.3605	3,576.88
1678902	VALVE BUTTERFLY	0	19911115	152.48	1.3605	207.45
1678906	VALVE BOX EACH	9	19911115	304.96	1.3605	414.90
1678882	BLOW-OFF EACH	0	19911215	1,050.23	1.3605	1,428.84
1678883	BLOW-OFF EACH	0	19911215	338.80	1.3605	460.94
1678884	BLOW-OFF EACH	0	19911215	308.33	1.3605	419.48
1678890	DUCTILE IRON MN	18	19911215	237.88	1.3605	323.64
1678891	DUCTILE IRON MN	18	19911215	362.76	1.3605	493.53
1678894	ASB CEM MAINS 6I	3211	19911215	23,117.08	1.3605	31,450.79
1678895	ASB CEM MAINS 6I	12545	19911215	87,869.92	1.3605	119,547.03
1678896	ASB CEM MAINS 6I	2609	19911215	17,093.89	1.3605	23,256.24
1678897	ASB CEM MAINS 8I	2119	19911215	23,248.17	1.3605	31,629.14
1678900	VALVE GATE EACH	7	19911215	1,931.57	1.3605	2,627.90
1678901	VALVE GATE EACH	10	19911215	2,408.99	1.3605	3,277.43
1678903	VALVE BUTTERFLY	26	19911215	9,139.28	1.3605	12,433.99
1678904	VALVE BUTTERFLY	4	19911215	1,703.86	1.3605	2,318.10
1678905	VALVE BUTTERFLY	0	19911215	196.25	1.3605	267.00
1678907	VALVE BOX EACH	7	19911215	340.17	1.3605	462.80
1678909	VALVE BOX EACH	13	19911215	737.57	1.3605	1,003.46
1678911	VALVE BOX EACH	0	19911215	763.39	1.3605	1,038.59
1678917	COPPER SERVICES	0	19911215	720.27	1.3605	979.93
1678923	COPPER SERVICES	0	19911215	566.15	1.3605	770.25
1678925	COPPER SERVICES	0	19911215	66.07	1.3605	89.89

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Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34300 Transmission and Distribution						
1679025	BLOW-OFF EACH	3	19921215	4,677.71	1.3448	6,290.58
1679026	BLOW-OFF EACH	0	19921215	552.23	1.3448	742.64
1679027	BLOW-OFF EACH	2	19921215	178.40	1.3448	239.91
1679028	BLOW-OFF EACH	1	19921215	113.27	1.3448	152.33
1679029	STEEL CASING PIP	42	19921215	9,138.97	1.3448	12,290.09
1679039	DUCTILE IRON MN	251	19921215	2,192.41	1.3448	2,948.35
1679040	DUCTILE IRON MN	72	19921215	947.34	1.3448	1,273.98
1679041	DUCTILE IRON MN	20	19921215	6,022.50	1.3448	8,099.06
1679042	DUCTILE IRON MN	122	19921215	42,164.06	1.3448	56,702.23
1679043	ASB CEM MAINS 6I	7917	19921215	68,759.51	1.3448	92,467.79
1679044	ASB CEM MAINS 6I	8865	19921215	60,242.55	1.3448	81,014.18
1679045	ASB CEM MAINS 6I	4693	19921215	33,969.75	1.3448	45,682.52
1679046	ASB CEM MAINS 6I	6610	19921215	55,504.36	1.3448	74,642.26
1679047	ASB CEM MAINS 6I	0	19921215	565.38	1.3448	760.32
1679048	ASB CEM MAINS 6I	2717	19921215	17,853.09	1.3448	24,008.84
1679049	ASB CEM MAINS 8I	9633	19921215	47,353.12	1.3448	63,680.48
1679050	ASB CEM MAINS 8I	0	19921215	197.31	1.3448	265.34
1679051	ASB CEM MAINS 8I	351	19921215	3,243.10	1.3448	4,361.32
1679052	ASB CEM MAINS 8I	1240	19921215	15,828.42	1.3448	21,286.06
1679053	ASB CEM MAINS 8I	0	19921215	178.75	1.3448	240.38
1679054	ASB CEM MAINS 8I	0	19921215	265.25	1.3448	356.71
1679055	ASB CEM MAINS 8I	0	19921215	1,123.48	1.3448	1,510.86
1679056	ASB CEM MAINS12I	0	19921215	116.88	1.3448	157.18
1679057	PVC PLS MNS12IN	22	19921215	2,393.92	1.3448	3,219.34
1679058	VALVE GATE EACH	17	19921215	4,238.57	1.3448	5,700.03
1679059	VALVE GATE EACH	13	19921215	5,707.29	1.3448	7,675.16
1679060	VALVE GATE EACH	7	19921215	2,505.25	1.3448	3,369.06
1679061	VALVE GATE EACH	4	19921215	1,619.16	1.3448	2,177.45
1679062	VALVE GATE EACH	7	19921215	3,440.70	1.3448	4,627.05
1679063	VALVE GATE EACH	4	19921215	4,641.86	1.3448	6,242.37
1679064	VALVE BUTTERFLY	0	19921215	395.01	1.3448	531.21
1679065	VALVE BUTTERFLY	0	19921215	396.23	1.3448	532.85
1679066	VALVE BOX EACH	4	19921215	1,740.69	1.3448	2,340.88
1679067	VALVE BOX EACH	46	19921215	2,949.71	1.3448	3,966.77
1679070	VALVE BOX EACH	20	19921215	908.35	1.3448	1,221.55

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Witness: Bourassa

Company Code: 4005 Business Area: 4506

Sun City West Water

Asset Class:	W34300	Transmission and Distribution	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
1679072	VALVE BOX EACH		17	19921215	857.53	1.3448	1,153.21
1679073	VALVE BOX EACH		20	19921215	1,534.61	1.3448	2,063.74
1679075	VALVE BOX EACH		1	19921215	22.48	1.3448	30.23
1679076	VALVE BOX EACH		7	19921215	304.61	1.3448	409.64
1679083	COPPER SERVICES		0	19921215	286.61	1.3448	385.43
1679249	BLOW-OFF EACH		5	19930115	414.26	1.3146	544.59
1679250	BLOW-OFF EACH		17	19930115	3,749.72	1.3146	4,929.38
1679260	DUCTILE IRON MN		54	19930115	1,913.51	1.3146	2,515.50
1679261	DUCTILE IRON MN		198	19930115	18,287.35	1.3146	24,040.55
1679264	ASB CEM MAINS 6I		2270	19930115	14,262.06	1.3146	18,748.90
1679265	ASB CEM MAINS 6I		883	19930115	9,662.61	1.3146	12,702.47
1679269	ASB CEM MAINS 8I		6180	19930115	36,910.01	1.3146	48,521.90
1679270	ASB CEM MAINS 8I		514	19930115	7,645.18	1.3146	10,050.35
1679272	ASB CEM MAINS10I		20	19930115	11,341.68	1.3146	14,909.77
1679274	ASB CEM MAINS12I		8896	19930115	150,593.63	1.3146	197,970.39
1679283	VALVE GATE EACH		12	19930115	2,691.59	1.3146	3,538.36
1679285	VALVE GATE EACH		3	19930115	1,439.57	1.3146	1,892.46
1679287	VALVE GATE EACH		1	19930115	565.18	1.3146	742.99
1679288	VALVE GATE EACH		19	19930115	10,901.95	1.3146	14,331.70
1679289	VALVE BUTTERFLY		6	19930115	1,379.30	1.3146	1,813.23
1679290	VALVE BUTTERFLY		14	19930115	5,310.64	1.3146	6,981.37
1679295	VALVE BOX EACH		20	19930115	827.34	1.3146	1,087.62
1679297	VALVE BOX EACH		35	19930115	1,902.11	1.3146	2,500.51
1679305	TAP SLVE AND VAL		1	19930115	5,670.84	1.3146	7,454.89
1679306	TAP SLVE AND VAL		1	19930115	7,797.25	1.3146	10,250.26
1679247	BLOW-OFF EACH		3	19930315	896.25	1.3146	1,178.21
1679259	DUCTILE IRON MN		80	19930315	8,204.56	1.3146	10,785.71
1679262	ASB CEM MAINS 6I		2730	19930315	22,723.76	1.3146	29,872.65
1679281	VALVE GATE EACH		6	19930315	2,238.07	1.3146	2,942.17
1679291	VALVE BOX EACH		10	19930315	477.58	1.3146	627.83
1679303	TAP SLVE AND VAL		4	19930315	11,146.83	1.3146	14,653.62
1679266	ASB CEM MAINS 6I		19620	19930615	139,372.30	1.3146	183,218.83
1679267	ASB CEM MAINS 6I		462	19930615	7,653.06	1.3146	10,060.71
1679271	ASB CEM MAINS 8I		5376	19930615	42,200.87	1.3146	55,477.26
1679278	PVC PLS MNS 6IN		20	19930615	412.56	1.3146	542.35

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Company Code: 4005		Business Area: 4506		Sun City West Water		Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Main	Description	Transmission and Distribution								
Asset Class:	W34300									
1679279	PVC PLS MNS10IN			10	19930615			235.21	1.3146	309.21
1679284	VALVE GATE EACH			51	19930615			21,451.99	1.3146	28,200.79
1679286	VALVE GATE EACH			11	19930615			5,656.38	1.3146	7,435.88
1679299	VALVE BOX EACH			64	19930615			7,089.03	1.3146	9,319.24
1679301	VALVE BOX EACH			1	19930615			60.26	1.3146	79.22
1679304	TAP SLIVE AND VAL			1	19930615			1,155.20	1.3146	1,518.63
1679248	BLOW-OFF EACH			1	19930715			232.98	1.2857	299.54
1679263	ASB CEM MAINS 6I			1980	19930715			21,126.92	1.2857	27,162.88
1679268	ASB CEM MAINS 8I			194	19930715			4,006.09	1.2857	5,150.63
1679282	VALVE GATE EACH			1	19930715			1,055.78	1.2857	1,357.42
1679293	VALVE BOX EACH			1	19930715			144.69	1.2857	186.03
1679273	ASB CEM MAINS12I			13	19930815			1,142.39	1.2857	1,468.77
1679275	CAP 16 IN ALL CL			13	19930815			5,912.21	1.2857	7,601.33
1679276	ASB CEM MAINS20I			13	19930815			1,338.40	1.2857	1,720.78
1679522	ASB CEM MAINS12I			13	19940115			8,475.00	1.2580	10,661.55
1679543	MANHOLE OR VAULT			1	19940515			13,364.98	1.2580	16,813.14
1679544	MNS LINE MTR 4IN			1	19940515			6,681.83	1.2580	8,405.74
1679545	MNS LINE MTR 8IN			1	19940515			12,621.83	1.2580	15,878.26
1679546	PRESSURE REGULAT			2	19940515			11,792.36	1.2580	14,834.79
1679547	VALVE GATE EACH			2	19940515			1,781.47	1.2580	2,241.09
1679555	VALVE GATE EACH			2	19940515			2,673.53	1.2580	3,363.30
1679494	BLOW-OFF EACH			2	19941215			1,012.00	1.2315	1,246.28
1679495	BLOW-OFF EACH			12	19941215			3,062.00	1.2315	3,770.85
1679496	BLOW-OFF EACH			12	19941215			2,956.00	1.2315	3,640.31
1679497	BLOW-OFF EACH			9	19941215			3,334.00	1.2315	4,105.82
1679498	BLOW-OFF EACH			10	19941215			4,053.00	1.2315	4,991.27
1679499	BLOW-OFF EACH			2	19941215			248.00	1.2315	305.41
1679500	BLOW-OFF EACH			13	19941215			3,079.00	1.2315	3,791.79
1679516	DUCTILE IRON MAI			180	19941215			3,414.00	1.2315	4,204.34
1679517	DUCTILE IRON MAI			130	19941215			6,513.00	1.2315	8,020.76
1679518	DUCTILE IRON MAI			20	19941215			286.00	1.2315	352.21
1679519	DUCTILE IRON MAI			220	19941215			6,004.00	1.2315	7,393.93
1679520	ASBESTOS CEMENT			260	19941215			4,179.00	1.2315	5,146.44
1679521	ASBESTOS CEMENT			0	19941215			480.00	1.2315	591.12
1679523	PVC PLASTIC MAIN			0	19941215			1,561.00	1.2315	1,922.37

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Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34300 Transmission and Distribution						
1679524	PVC PLASTIC MAIN	3667	19941215	20,170.00	1.2315	24,839.36
1679525	PVC PLASTIC MAIN	11110	19941215	97,386.00	1.2315	119,930.86
1679526	PVC PLASTIC MAIN	3450	19941215	23,102.00	1.2315	28,450.11
1679527	PVC PLASTIC MAIN	0	19941215	639.00	1.2315	786.93
1679528	PVC PLASTIC MAIN	190	19941215	2,142.00	1.2315	2,637.87
1679529	PVC PLASTIC MAIN	813	19941215	7,624.00	1.2315	9,388.96
1679530	PVC PLASTIC MAIN	27591	19941215	177,212.08	1.2315	218,236.68
1679531	PVC PLASTIC MAIN	2375	19941215	31,215.00	1.2315	38,441.27
1679532	PVC PLASTIC MAIN	3321	19941215	25,433.00	1.2315	31,320.74
1679533	PVC PLASTIC MAIN	130	19941215	1,824.00	1.2315	2,246.26
1679534	PVC PLASTIC MAIN	1087	19941215	8,811.26	1.2315	10,851.07
1679535	PVC PLASTIC MAIN	13050	19941215	94,714.00	1.2315	116,640.29
1679536	PVC PLASTIC MAIN	615	19941215	11,081.00	1.2315	13,646.25
1679537	PVC PLASTIC MAIN	285	19941215	2,668.00	1.2315	3,285.64
1679538	PVC PLASTIC MAIN	0	19941215	3,326.00	1.2315	4,095.97
1679539	PVC PLASTIC MAIN	1330	19941215	23,697.00	1.2315	29,182.86
1679540	PVC PLASTIC MAIN	5896	19941215	86,729.15	1.2315	106,806.95
1679541	PVC PLASTIC MAIN	7873	19941215	124,531.00	1.2315	153,359.93
1679542	P.V.C. PLASTIC M	4397	19941215	100,633.00	1.2315	123,929.54
1679548	VALVE GATE - 6IN	6	19941215	3,127.00	1.2315	3,850.90
1679549	VALVE GATE - 6IN	33	19941215	12,121.00	1.2315	14,927.01
1679550	VALVE GATE - 6IN	14	19941215	3,103.00	1.2315	3,821.34
1679551	VALVE GATE - 6IN	36	19941215	16,082.57	1.2315	19,805.68
1679552	VALVE GATE - 6IN	3	19941215	1,136.00	1.2315	1,398.98
1679553	VALVE GATE - 6IN	1	19941215	447.00	1.2315	550.48
1679554	VALVE GATE - 6IN	92	19941215	21,768.00	1.2315	26,807.29
1679556	VALVE GATE - 8IN	5	19941215	2,733.00	1.2315	3,365.69
1679557	VALVE GATE - 8IN	7	19941215	1,798.00	1.2315	2,214.24
1679558	VALVE GATE - 8IN	6	19941215	4,890.00	1.2315	6,022.04
1679559	VALVE GATE - 8IN	5	19941215	2,750.00	1.2315	3,386.63
1679560	VALVE GATE - 8IN	1	19941215	340.00	1.2315	418.71
1679561	VALVE GATE - 8IN	20	19941215	7,015.00	1.2315	8,638.97
1679562	VALVE GATE - 10I	1	19941215	693.00	1.2315	853.43
1679563	VALVE GATE - 10I	2	19941215	2,111.00	1.2315	2,599.70
1679564	VALVE GATE - 12I	11	19941215	12,020.00	1.2315	14,802.63

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Company Code: 4005		Business Area: 4506		Sun City West Water		
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34300 Transmission and Distribution						
1679565	VALVE GATE - 12I	13	19941215	13,345.00	1.2315	16,434.37
1679566	VALVE BOX	6	19941215	780.00	1.2315	960.57
1679568	VALVE BOX	50	19941215	2,855.00	1.2315	3,515.93
1679570	VALVE BOX	21	19941215	931.00	1.2315	1,146.53
1679572	VALVE BOX	44	19941215	3,779.00	1.2315	4,653.84
1679574	VALVE BOX	22	19941215	1,216.00	1.2315	1,497.50
1679575	VALVE BOX	2	19941215	80.00	1.2315	98.52
1679577	VALVE BOX	91	19941215	4,368.00	1.2315	5,379.19
1679579	TAP SLVE AND VAL	1	19941215	2,171.00	1.2315	2,673.59
1679580	TAP SLVE AND VAL	1	19941215	1,393.00	1.2315	1,715.48
1680006	MANHOLE OR VAULT	0	19950115	121.18	1.2061	146.16
1680007	MNS LINE MTR 8IN	0	19950115	121.18	1.2061	146.16
1680008	PRESSURE REGULAT	0	19950115	363.53	1.2061	438.45
1680009	VALVE GATE - 4IN	2	19950115	5,056.24	1.2061	6,098.33
1679970	BLOW-OFF EACH	7	19951215	3,217.96	1.1939	3,841.92
1679971	BLOW-OFF EACH	26	19951215	6,201.06	1.1939	7,403.45
1679972	BLOW-OFF EACH	2	19951215	458.86	1.1939	547.83
1679973	BLOW-OFF EACH	3	19951215	2,524.30	1.1939	3,013.76
1679991	ASBESTOS CEMENT	0	19951215	2,264.75	1.1939	2,703.89
1679993	PVC PLASTIC MAIN	1735	19951215	12,227.07	1.1939	14,597.90
1679994	PVC PLASTIC MAIN	22835	19951215	152,133.00	1.1939	181,631.59
1679995	PVC PLASTIC MAIN	2220	19951215	19,900.32	1.1939	23,758.99
1679997	PVC PLASTIC MAIN	338	19951215	8,700.57	1.1939	10,387.61
1679999	PVC PLASTIC MAIN	6833	19951215	84,387.84	1.1939	100,750.64
1680001	PVC PLASTIC MAIN	1920	19951215	18,660.07	1.1939	22,278.26
1680003	PVC PLASTIC MAIN	6743	19951215	61,904.47	1.1939	73,907.75
1680004	PVC PLASTIC MAIN	2835	19951215	27,327.21	1.1939	32,625.96
1680005	PVC PLASTIC MAIN	4013	19951215	38,674.22	1.1939	46,173.15
1680010	VALVE GATE - 6IN	7	19951215	749.79	1.1939	895.17
1680011	VALVE GATE - 6IN	71	19951215	14,743.91	1.1939	17,602.75
1680012	VALVE GATE - 6IN	5	19951215	1,433.38	1.1939	1,711.31
1680013	VALVE GATE - 6IN	17	19951215	2,384.07	1.1939	2,846.34
1680014	VALVE GATE - 8IN	5	19951215	536.81	1.1939	640.90
1680015	VALVE GATE - 8IN	21	19951215	5,944.98	1.1939	7,097.71
1680016	VALVE GATE - 10I	3	19951215	1,707.24	1.1939	2,038.27

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Company Code: 4005		Business Area: 4506		Sun City West Water			
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost	
Asset Class: W34300 Transmission and Distribution							
1680017	VALVE GATE - 12I	8	19951215	4,131.52	1.1939	4,932.62	
1680018	VALVE BOX	28	19951215	3,011.17	1.1939	3,595.04	
1680020	VALVE BOX	114	19951215	5,894.90	1.1939	7,037.92	
1680022	VALVE BOX	5	19951215	229.44	1.1939	273.93	
1680024	VALVE BOX	4	19951215	457.64	1.1939	546.38	
1680025	VALVE BOX	58	19951215	9,463.71	1.1939	11,298.72	
1680027	TAP SLVE AND VAL	2	19951215	6,635.53	1.1939	7,922.16	
1680028	TAP SLVE AND VAL	1	19951215	4,487.68	1.1939	5,357.84	
1679996	PVC PLASTIC MAIN	0	19960115	384.74	1.1818	454.69	
1679998	PVC PLASTIC MAIN	0	19960115	1,187.50	1.1818	1,403.39	
1680002	PVC PLASTIC MAIN	0	19960115	122.18	1.1818	144.39	
1680294	PVC PLASTIC MAIN	180	19960115	3,076.24	1.1818	3,635.50	
1680311	VALVE BOX	10	19960115	541.97	1.1818	640.50	
1680277	BLOW-OFF EACH	4	19960315	1,348.89	1.1818	1,594.12	
1680296	PVC PLASTIC MAIN	820	19960315	10,507.81	1.1818	12,418.13	
1680298	PVC PLASTIC MAIN	3394	19960315	54,713.47	1.1818	64,660.38	
1680305	VALVE GATE - 8IN	3	19960315	1,193.76	1.1818	1,410.79	
1680308	VALVE GATE - 10I	8	19960315	5,341.58	1.1818	6,312.68	
1680316	VALVE BOX	11	19960315	593.51	1.1818	701.41	
1680276	BLOW-OFF EACH	9	19960615	2,433.01	1.1818	2,875.33	
1680278	BLOW-OFF EACH	1	19960615	501.28	1.1818	592.41	
1680291	PVC PLASTIC MAIN	11490	19960615	97,249.37	1.1818	114,929.31	
1680292	PVC PLASTIC MAIN	569	19960615	12,832.70	1.1818	15,165.68	
1680295	PVC PLASTIC MAIN	6594	19960615	55,078.30	1.1818	65,091.53	
1680297	PVC PLASTIC MAIN	485	19960615	15,589.91	1.1818	18,424.16	
1680300	PVC PLASTIC MAIN	1484	19960615	27,952.95	1.1818	33,034.80	
1680301	VALVE GATE - 6IN	27	19960615	5,658.72	1.1818	6,687.48	
1680302	VALVE GATE - 6IN	2	19960615	1,217.82	1.1818	1,439.22	
1680304	VALVE GATE - 8IN	14	19960615	4,410.82	1.1818	5,212.71	
1680306	VALVE GATE - 8IN	1	19960615	830.36	1.1818	981.32	
1680307	VALVE GATE - 8IN	3	19960615	5,012.83	1.1818	5,924.16	
1680310	VALVE GATE - 12I	2	19960615	1,726.65	1.1818	2,040.55	
1680313	VALVE BOX	43	19960615	2,699.85	1.1818	3,190.68	
1680318	VALVE BOX	3	19960615	265.70	1.1818	314.00	
1680322	VALVE BOX	3	19960615	300.76	1.1818	355.44	

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Company Code: 4005 Business Area: 4506

Sun City West Water

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Asset Class:	W34300	Transmission and Distribution	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
1680330	COPPER SERVICE 3		407	19960615	50,206.37	1.1818	59,333.89
1680337	COPPER SERVICE 1		24	19960615	2,762.65	1.1818	3,264.90
1680290	DUCTILE IRON MAI		20	19961215	2,215.89	1.1700	2,592.59
1680293	PVC PLASTIC MAIN		55	19961215	1,777.61	1.1700	2,079.80
1680299	PVC PLASTIC MAIN		625	19961215	22,679.78	1.1700	26,535.34
1680303	VALVE GATE - 6IN		2	19961215	796.86	1.1700	932.33
1680309	VALVE GATE - 10I		1	19961215	674.25	1.1700	788.87
1680324	VALVE BOX		1	19961215	88.64	1.1700	103.71
1680326	VALVE BOX		3	19961215	147.11	1.1700	172.12
1680328	TAP SLVE AND VAL		1	19961215	2,924.97	1.1700	3,422.21
1680319	VALVE BOX		16	19970115	479.52	1.1471	550.06
1680571	TAP SLVE AND VAL		1	19970115	29.94	1.1471	34.34
1680539	PVC PLASTIC MAIN		1500	19970415	75,382.58	1.1471	86,471.36
1680549	VALVE GATE - 8IN		5	19970415	5,632.66	1.1471	6,461.22
1680555	VALVE BOX		5	19970415	560.68	1.1471	643.16
1680526	BLOW-OFF EACH		2	19971215	790.38	1.1471	906.64
1680527	BLOW-OFF EACH		1	19971215	373.47	1.1471	428.41
1680529	DUCTILE IRON MAI		130	19971215	1,744.94	1.1471	2,001.62
1680530	DUCTILE IRON MAI		18	19971215	395.19	1.1471	453.32
1680531	DUCTILE IRON MAI		5	19971215	186.87	1.1471	214.36
1680532	ASBESTOS CEMENT		8	19971215	1,000.96	1.1471	1,148.20
1680534	ASBESTOS CEMENT		0	19971215	2,864.97	1.1471	3,286.41
1680535	PVC PLASTIC MAIN		0	19971215	13.95	1.1471	16.00
1680536	PVC PLASTIC MAIN		1440	19971215	16,747.60	1.1471	19,211.17
1680537	PVC PLASTIC MAIN		200	19971215	2,560.20	1.1471	2,936.81
1680538	PVC PLASTIC MAIN		621	19971215	15,475.77	1.1471	17,752.26
1680540	PVC PLASTIC MAIN		745	19971215	11,371.68	1.1471	13,044.45
1680541	PVC PLASTIC MAIN		1354	19971215	29,324.47	1.1471	33,638.10
1680542	PVC PLASTIC MAIN		2825	19971215	67,242.34	1.1471	77,133.69
1680543	PVC PLASTIC MAIN		320	19971215	7,526.98	1.1471	8,634.20
1680544	VALVE GATE - 4IN		3	19971215	1,006.70	1.1471	1,154.79
1680545	VALVE GATE - 4IN		2	19971215	576.05	1.1471	660.79
1680546	VALVE GATE - 6IN		4	19971215	395.19	1.1471	453.32
1680547	VALVE GATE - 6IN		1	19971215	448.04	1.1471	513.95
1680548	VALVE GATE - 6IN		2	19971215	872.02	1.1471	1,000.29

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Company Code: 4005		Business Area: 4506		Sun City West Water		RCN Cost
Main	Description	Qty	Acquisition Date	Original Cost	Factor	
Asset Class: W34300 Transmission and Distribution						
1680550	VALVE GATE - 8IN	1	19971215	447.42	1.1471	513.24
1680551	VALVE GATE - 8IN	1	19971215	649.81	1.1471	745.40
1680552	VALVE GATE - 8IN	1	19971215	5,576.78	1.1471	6,397.12
1680553	VALVE GATE - 8IN	1	19971215	1,024.08	1.1471	1,174.72
1680554	VALVE GATE - 10I	10	19971215	9,619.47	1.1471	11,034.49
1680557	VALVE BOX	14	19971215	671.12	1.1471	769.84
1680558	VALVE BOX	4	19971215	316.14	1.1471	362.64
1680560	VALVE BOX	1	19971215	89.63	1.1471	102.81
1680563	VALVE BOX	7	19971215	537.64	1.1471	616.73
1680565	VALVE BOX	4	19971215	298.96	1.1471	342.94
1680567	TAP SLVE AND VAL	1	19971215	1,822.75	1.1471	2,090.88
1680569	TAP SLVE AND VAL	2	19971215	6,656.55	1.1471	7,635.73
1680570	TAP SLVE AND VAL	2	19971215	2,989.78	1.1471	3,429.58
1680572	TAP SLVE AND VAL	1	19971215	3,075.98	1.1471	3,528.46
1784495	BLOW-OFF EACH	2	19990415	522.44	1.1038	576.67
1784496	BLOW-OFF EACH	2	19990415	618.91	1.1038	683.15
1784497	DUCTILE IRON MAI	50	19990415	4,916.69	1.1038	5,427.04
1784498	DUCTILE IRON MAI	330	19990415	2,651.25	1.1038	2,926.45
1784499	DUCTILE IRON MAI	220	19990415	2,693.05	1.1038	2,972.59
1784500	PVC PLASTIC MAIN	2734	19990415	20,236.50	1.1038	22,337.05
1784501	6" C900 CLASS 15	3346	19990415	25,208.57	1.1038	27,825.22
1784502	6" C900 CLASS 15	120	19990415	2,063.02	1.1038	2,277.16
1784503	8" C900 CLASS 15	1520	19990415	17,524.05	1.1038	19,343.05
1784504	8" C900 CLASS 15	544	19990415	5,335.10	1.1038	5,888.88
1784505	8" C900 CLASS 15	550	19990415	5,673.30	1.1038	6,262.19
1784506	12" C900 PLASTIC	1660	19990415	22,380.69	1.1038	24,703.81
1784507	VALVE GATE - 4IN	4	19990415	914.30	1.1038	1,009.20
1784508	VALVE GATE - 4IN	2	19990415	450.99	1.1038	497.80
1784509	VALVE GATE - 4IN	2	19990415	223.47	1.1038	246.67
1784510	VALVE GATE - 6IN	2	19990415	371.17	1.1038	409.70
1784511	VALVE GATE - 6IN	2	19990415	412.61	1.1038	455.44
1784512	VALVE GATE - 8IN	4	19990415	1,175.53	1.1038	1,297.55
1784513	VALVE GATE - 8IN	2	19990415	901.97	1.1038	995.59
1784514	VALVE GATE - 8IN	2	19990415	618.91	1.1038	683.15
1784515	VALVE GATE - 12I	4	19990415	2,063.02	1.1038	2,277.16

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Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34300 Transmission and Distribution						
1784516	VALVE BOX	2	19990415	74.49	1.1038	82.22
1784518	VALVE BOX	8	19990415	313.46	1.1038	346.00
1784520	VALVE BOX	2	19990415	64.43	1.1038	71.12
1784522	VALVE BOX	4	19990415	89.37	1.1038	98.65
1784524	VALVE BOX	6	19990415	201.50	1.1038	222.42
1784526	VALVE BOX	8	19990415	247.56	1.1038	273.26
1784528	TAP SLVE AND VAL	2	19990415	4,996.27	1.1038	5,514.88
1784529	TAP SLVE AND VAL	4	19990415	4,242.02	1.1038	4,682.34
1784530	TAP SLVE AND VAL	4	19990415	10,694.90	1.1038	11,805.03
1784531	TAP SLVE AND VAL	2	19990415	2,793.25	1.1038	3,083.19
3051409	6" DUCTILE IRON	40	19991130	908.13	1.1038	1,002.39
3051410	8" DUCTILE IRON	735	19991130	11,445.31	1.1038	12,633.33
3051411	6" RW GATE VALVE	1	19991130	339.70	1.1038	374.96
3051412	VALVE BOX	2	19991130	112.66	1.1038	124.35
3051413	12" X 8" TAPPING	1	19991130	2,608.31	1.1038	2,879.05
3057832	ASBESTOS CEMENT	13	19991231	1,347.25	1.1038	1,487.09
3097217	1995 Rate Order	0	20000101	58,653.24	1.0833	63,539.05
3084183	10" CL150 Ductil	845	20000930	11,850.09	1.0354	12,269.58
3084184	10" Valve	5	20000930	3,932.82	1.0354	4,072.04
3084185	Valve Box w/Cove	16	20000930	920.03	1.0354	952.60
3084186	10" Tapping Slee	1	20000930	2,356.73	1.0354	2,440.16
3084187	Blow Off	2	20000930	648.39	1.0354	671.34
3084188	6" CL150 Ductile	65	20000930	4,723.44	1.0354	4,890.65
3084189	6" CL150 C900 PV	226	20000930	3,558.60	1.0354	3,684.57
3084190	10" CL150 C900 P	1439	20000930	17,114.43	1.0354	17,720.28
3084191	6" RW Gate Valve	5	20000930	2,099.72	1.0354	2,174.05
3084192	6" Tapping Sleeve	3	20000930	6,299.16	1.0354	6,522.15
3094732	6" WATER LINE RE	1	20001231	33.86	1.0354	35.06
3094733	REPL FIRE HYDRAN	1	20001231	12.32	1.0354	12.76
3096495	ENGINEERING (EST	1	20001231	0.00	1.0354	0.00
3096496	VALVE BOX	3	20001231	436.18	1.0354	451.62
3096497	10" GATE VALVE	1	20001231	2,898.00	1.0354	3,000.59
3096498	8" X 8" TAPPING	2	20001231	17,528.51	1.0354	18,149.02
3096499	6" CL150 DUCTILE	20	20001231	1,160.69	1.0354	1,201.78
3096500	10" CL150 DUCTIL	30	20001231	3,045.87	1.0354	3,153.69

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Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34300 Transmission and Distribution						
3096501	10" CL150 C900 P	775	20001231	42,664.31	1.0354	44,174.63
3112952	VALVE BOX	25	20010531	2,640.86	1.0174	2,686.81
3112953	BLOW OFF	1	20010531	340.59	1.0174	346.52
3112954	6" GATE VALVE	7	20010531	4,489.24	1.0174	4,567.35
3112955	6" X 6" TAPPING	10	20010531	88,549.64	1.0174	90,090.40
3112956	6" CL 150 DUCTIL	810	20010531	40,283.80	1.0174	40,984.74
3112957	6" CL 150 C900 P	999	20010531	41,119.60	1.0174	41,835.08
3118614		6	20010731	5,063.61	1.0000	5,063.61
3119494	TYPE 1 NO LIGHT	143	20010731	5,098.06	1.0000	5,098.06
3126396	10" Class 150 Du	654	20010930	38,183.25	1.0000	38,183.25
3126397	8" Gate Valve	1	20010930	682.77	1.0000	682.77
3126398	6" Gate Valve	6	20010930	3,239.48	1.0000	3,239.48
3126399	10" x 10" Tappin	1	20010930	4,779.41	1.0000	4,779.41
3126408	8" PVC C-900	37	20010930	10,854.13	1.0000	10,854.13
3126409	8" Tapping Sleeve	1	20010930	4,099.83	1.0000	4,099.83
3129230	WATER LINE REPLA	1	20011031	4,501.00	1.0000	4,501.00
3129237	Valve Gate - 16"	1	20011031	21,021.31	1.0000	21,021.31
Total for class W34300:				11,747,851.57		18,287,916.58
Asset Class: W34400 Fire Mains						
1677652	ASB CEM MAINS 6I	1	19850101	169.00	1.5394	260.16
Total for class W34400:				169.00		260.16
Asset Class: W34500 Services						
1677132	TANK EACH	1	19790701	38.00	2.0525	78.00
1677190	COPPER SERVICES	0	19790701	0.00	2.0525	0.00
1677194	ASBESTOS CEMENT	1	19790701	987.00	2.0525	2,025.82
1677201	3IN CEMENT ASBES	1	19790701	1,948.00	2.0525	3,998.27
1677268	COPPER SERVICES	1	19800701	272,359.00	1.8282	497,926.72
1677271	ASBESTOS CEMENT	1	19800701	2,324.00	1.8282	4,248.74
1677273	PVC PLAS SERV EA	1	19800701	876.00	1.8282	1,601.50
1677351	COPPER SERVICES	1	19810101	9,813.00	1.7464	17,137.42
1677355	PVC PLAS SERV EA	1	19810101	13,840.00	1.7464	24,170.18
1677430	COPPER SERVICES	1	19820101	6,042.00	1.7206	10,395.87
1677497	COPPER SERVICES	1	19830101	18,537.00	1.6480	30,548.98
1677590	COPPER SERVICES	1	19840101	28,842.00	1.6028	46,227.96

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Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34500 Services						
1677594	GALV STEEL SERV	1	19840101	116.00	1.6028	185.92
1677599	METER EACH SIZE	1	19840101	634.00	1.6028	1,016.18
1677600	METER EACH SIZE	1	19840101	1,506.00	1.6028	2,413.82
1677674	COPPER SERVICES	1	19850101	5,202.00	1.5394	8,007.96
1677676	COPPER SERV 4 IN	1	19850101	2,604.00	1.5394	4,008.60
1678148	DUCTILE IRN SERV	1	19871001	7,937.65	1.4810	11,755.66
1678353	PVC PLAS SERV EA	1	19881001	685.68	1.4267	978.26
1678564	COPPER SERVICES	18	19890315	37,890.72	1.4096	53,410.76
1678599	POLYTHELENE SER	0	19890515	551.12	1.4096	776.86
1678595	POLYTHELENE SER	0	19891215	7,636.44	1.3930	10,637.56
1678597	POLYTHELENE SER	0	19891215	893.82	1.3930	1,245.09
1678598	POLYTHELENE SER	0	19891215	1,223.36	1.3930	1,704.14
1678600	POLYTHELENE SER	0	19891215	1,726.66	1.3930	2,405.24
1678601	METER EACH SIZE	0	19891215	79.50	1.3930	110.74
1678607	METER EACH SIZE	0	19891215	5.81	1.3930	8.09
1678742	COPPER SERVICES	19	19900115	116,383.31	1.3930	162,121.95
1678766	POLYTHELENE SER	0	19900115	40,008.06	1.3930	55,731.23
1678767	POLYTHELENE SER	0	19900115	63,198.59	1.3930	88,035.64
1678772	POLYTHELENE SER	0	19900115	20.11	1.3930	28.01
1678774	POLYTHELENE SER	0	19900115	3,151.32	1.3930	4,389.79
1678775	POLYTHELENE SER	0	19900115	1,925.63	1.3930	2,682.40
1678801	CO PUTER WORK ST	2	19900115	4,839.78	1.3930	6,741.81
1678804	SECRETARY OR STE	2	19900115	705.13	1.3930	982.25
1678805	CHAIR EACH	6	19900115	1,766.84	1.3930	2,461.21
1678806	4 DRAWER FILE	1	19900115	575.60	1.3930	801.81
1678755	PVC PLAS SERV EA	18	19900315	1,019.60	1.3930	1,420.30
1678761	PVC PLAS SERV EA	1	19900315	566.45	1.3930	789.06
1678762	POLYTHELENE SER	0	19900515	8,014.93	1.3930	11,164.80
1678763	POLYTHELENE SER	0	19900515	2,772.01	1.3930	3,861.41
1678764	POLYTHELENE SER	0	19900615	15,470.67	1.3930	21,550.64
1678771	POLYTHELENE SER	0	19900615	229.81	1.3930	320.13
1678773	POLYTHELENE SER	0	19900615	144.88	1.3930	201.82
1678768	POLYTHELENE SER	0	19901215	24,887.73	1.3605	33,859.76
1678776	POLYTHELENE SER	0	19901215	1,102.68	1.3605	1,500.20
1678912	COPPER SERVICES	318	19910115	127,016.57	1.3765	174,838.31

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Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34500 Services						
1678919	COPPER SERVICES	120	19910115	1,212.25	1.3765	1,668.66
1678921	COPPER SERVICES	3	19910115	31,879.23	1.3765	43,881.76
1678913	COPPER SERVICES	0	19911115	7,363.97	1.3605	10,018.68
1678947	POLYETHELENE SER	0	19911115	35.81	1.3605	48.72
1678914	COPPER SERVICES	0	19911215	21,181.53	1.3605	28,817.47
1678915	COPPER SERVICES	0	19911215	2,730.12	1.3605	3,714.33
1678916	COPPER SERVICES	0	19911215	9,504.36	1.3605	12,930.68
1678918	COPPER SERVICES	3	19911215	32,591.14	1.3605	44,340.25
1678920	COPPER SERVICES	0	19911215	127.59	1.3605	173.59
1678943	POLYETHELENE SER	0	19911215	39,389.61	1.3605	53,589.56
1678948	POLYETHELENE SER	0	19911215	274.14	1.3605	372.97
1678949	POLYETHELENE SER	2	19911215	306.21	1.3605	416.60
1678953	METER EACH SIZE	4	19911215	132.90	1.3605	180.81
1679078	COPPER SERVICES	220	19920115	203,997.64	1.3765	280,802.75
1679086	COPPER SERVICES	5	19920115	10,224.58	1.3765	14,074.13
1679088	COPPER SERVICES	20	19920115	45,082.78	1.3765	62,056.45
1679093	COPPER SERVICES	20	19920115	44,714.00	1.3765	61,548.82
1679068	VALVE BOX EACH	20	19921215	763.11	1.3448	1,026.23
1679079	COPPER SERVICES	0	19921215	34,526.26	1.3448	46,430.91
1679080	COPPER SERVICES	0	19921215	5,062.70	1.3448	6,808.32
1679081	COPPER SERVICES	0	19921215	15,185.73	1.3448	20,421.77
1679082	COPPER SERVICES	159	19921215	17,381.10	1.3448	23,374.10
1679084	COPPER SERVICES	0	19921215	41,855.85	1.3448	56,287.75
1679085	COPPER SERVICES	75	19921215	7,182.84	1.3448	9,659.48
1679087	COPPER SERVICES	0	19921215	342.89	1.3448	461.12
1679089	COPPER SERVICES	0	19921215	279.12	1.3448	375.36
1679090	COPPER SERVICES	16	19921215	16,420.69	1.3448	22,082.54
1679091	COPPER SERVICES	0	19921215	271.60	1.3448	365.25
1679092	COPPER SERVICES	0	19921215	785.65	1.3448	1,056.54
1679094	COPPER SERVICES	0	19921215	5,807.37	1.3448	7,809.75
1679096	COPPER SERVICES	16	19921215	1,333.12	1.3448	1,792.78
1679307	COPPER SERVICES	525	19930115	242,864.41	1.3146	319,269.55
1679310	COPPER SERVICES	251	19930115	16,652.61	1.3146	21,891.52
1679311	COPPER SERVICES	5	19930115	689.05	1.3146	905.83
1679314	COPPER SERVICES	5	19930115	22,397.03	1.3146	29,443.14

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Company Code: 4005		Business Area: 4506		Sun City West Water		
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34500 Services						
1679315	COPPER SERVICES	13	19930115	26,992.45	1.3146	35,484.27
1679316	COPPER SERVICES	13	19930115	1,317.45	1.3146	1,731.92
1679317	COPPER SERVICES	5	19930115	589.26	1.3146	774.64
1679319	COPPER SERVICES	13	19930115	39,989.11	1.3146	52,569.68
1679321	COPPER SERVICES	1	19930115	316.81	1.3146	416.48
1679308	COPPER SERVICES	56	19930315	5,941.27	1.3146	7,810.39
1679312	COPPER SERVICES	458	19930615	82,661.27	1.3146	108,666.51
1679309	COPPER SERVICES	77	19930715	10,141.19	1.2857	13,038.53
1679320	COPPER SERVICES	13	19930715	1,705.68	1.2857	2,192.99
1679313	COPPER SERVICES	15	19931115	41,529.74	1.2857	53,394.79
1679318	COPPER SERVICES	0	19931115	184.74	1.2857	237.52
1679327	CAST IRON SERVIC	0	19931115	388.51	1.2857	499.51
1679581	COPPER SERVICES	7	19940115	345,080.30	1.2580	434,111.02
1679590	COPPER SERVICES	1	19940115	27,177.41	1.2580	34,189.18
1679593	COPPER SERVICES	0	19940115	66,020.03	1.2580	83,053.20
1679597	COPPER SERVICES	0	19940115	18,038.21	1.2580	22,692.07
1679610	PVC PLAS SERV EA	0	19940115	38.30	1.2580	48.18
1679611	PVC PLAS SERV EA	0	19940115	40.37	1.2580	50.79
1679617	PVC PLAS SERV EA	0	19940115	53.83	1.2580	67.72
1679618	PVC PLAS SERV EA	0	19940115	84.89	1.2580	106.79
1679620	PVC PLAS SERV EA	0	19940115	77.66	1.2580	97.70
1679582	COPPER SERVICES	0	19940815	18.50	1.2315	22.78
1679583	COPPER SERVICES	80	19941215	10,786.00	1.2315	13,282.96
1679584	COPPER SERVICES	310	19941215	52,184.04	1.2315	64,264.65
1679585	COPPER SERVICES	116	19941215	20,512.00	1.2315	25,260.53
1679586	COPPER SERVICES	310	19941215	32,990.45	1.2315	40,627.74
1679587	COPPER SERVICES	0	19941215	6,060.00	1.2315	7,462.89
1679588	COPPER SERVICES	74	19941215	12,912.16	1.2315	15,901.33
1679589	COPPER SERVICES	706	19941215	87,386.28	1.2315	107,616.20
1679591	COPPER SERVICES	0	19941215	1,373.00	1.2315	1,690.85
1679592	COPPER SERVICES	8	19941215	4,674.00	1.2315	5,756.03
1679594	COPPER SERVICES	14	19941215	10,167.00	1.2315	12,520.66
1679595	COPPER SERVICES	2	19941215	482.00	1.2315	593.58
1679596	COPPER SERVICES	13	19941215	6,873.00	1.2315	8,464.10
1679598	COPPER SERVICES	1	19941215	625.00	1.2315	769.69

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Company Code: 4005		Business Area: 4506		Sun City West Water		Qty	Acquisition Date	Original Cost	Factor	RCN Cost					
Main	Description														
Asset Class: W34500		Services													
1680030	COPPER SERVICES		0	19950115			42,248.65		1.2061	50,956.10					
1680041	COPPER SERVICES		0	19950115			122,721.83		1.2061	148,014.80					
1680043	COPPER SERVICES		0	19950115			22,302.50		1.2061	26,899.05					
1680047	COPPER SERVICES		0	19950115			26,211.40		1.2061	31,613.57					
1680029	STEEL SERVICE BO		0	19951215			624.63		1.1939	745.75					
1680032	COPPER SERVICES		68	19951215			12,682.83		1.1939	15,142.03					
1680033	COPPER SERVICES		523	19951215			82,650.26		1.1939	98,676.15					
1680035	COPPER SERVICES		62	19951215			10,071.33		1.1939	12,024.16					
1680036	COPPER SERVICES		171	19951215			41,921.65		1.1939	50,050.26					
1680037	COPPER SERVICES		0	19951215			342.61		1.1939	409.04					
1680039	COPPER SERVICES		599	19951215			828,745.50		1.1939	989,439.25					
1680042	COPPER SERVICES		17	19951215			28,969.98		1.1939	34,587.26					
1680044	COPPER SERVICES		10	19951215			2,873.97		1.1939	3,431.23					
1680045	COPPER SERVICES		24	19951215			5,723.54		1.1939	6,833.33					
1680046	COPPER SERVICES		20	19951215			54,306.90		1.1939	64,837.01					
1680048	COPPER SERVICES		3	19951215			2,727.86		1.1939	3,256.79					
1680049	COPPER SERVICES		1	19951215			566.16		1.1939	675.94					
1680050	COPPER SERVICES		14	19951215			46,687.36		1.1939	55,740.04					
1680051	COPPER SERV 4 IN		0	19951215			56.81		1.1939	67.83					
1680031	COPPER SERVICES		0	19960115			581.19		1.1818	686.85					
1680034	COPPER SERVICES		0	19960115			2,751.14		1.1818	3,251.30					
1680038	COPPER SERVICES		0	19960115			19.59		1.1818	23.15					
1680040	COPPER SERVICES		0	19960115			67,615.75		1.1818	79,908.29					
1680329	COPPER SERVICES		2	19960115			5,313.08		1.1818	6,279.00					
1680333	COPPER SERVICES		135	19960315			105,430.80		1.1818	124,598.12					
1680342	COPPER SERVICES		9	19960315			4,675.38		1.1818	5,525.36					
1680331	COPPER SERVICES		0	19960615			13,994.90		1.1818	16,539.17					
1680332	COPPER SERVICES		37	19960615			7,087.78		1.1818	8,376.34					
1680338	COPPER SERVICES		1	19960615			213.27		1.1818	252.04					
1680343	COPPER SERVICES		4	19960615			5,240.29		1.1818	6,192.97					
1680334	COPPER SERVICES		693	19961215			629,281.85		1.1700	736,259.76					
1680335	COPPER SERVICES		231	19961215			149,617.88		1.1700	175,052.92					
1680336	COPPER SERVICES		1	19961215			741.02		1.1700	866.99					
1680339	COPPER SERVICES		14	19961215			13,578.23		1.1700	15,886.53					
1680340	COPPER SERVICES		1	19961215			457.65		1.1700	535.45					

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Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
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Asset Class: W34500 Services

1680341	COPPER SERVICES	20	19961215	29,284.73	1.1700	34,263.13
1680344	COPPER SERVICES	0	19961215	516.06	1.1700	603.79
1680345	COPPER SERVICES	11	19961215	19,284.90	1.1700	22,563.33
1680573	COPPER SERVICES	1	19970415	176.16	1.1471	202.07
1680574	COPPER SERVICES	14	19971215	7,847.73	1.1471	9,002.13
1680575	COPPER SERVICES	32	19971215	3,173.13	1.1471	3,639.90
1680576	COPPER SERVICES	10	19971215	1,586.36	1.1471	1,819.71
1680577	COPPER SERVICES	272	19971215	262,338.09	1.1471	300,928.02
1680578	COPPER SERVICES	427	19971215	269,388.92	1.1471	309,016.03
1680579	COPPER SERVICES	2	19971215	911.60	1.1471	1,045.70
1680580	COPPER SERVICES	6	19971215	1,011.21	1.1471	1,159.96
1680581	COPPER SERVICES	0	19971215	3,240.24	1.1471	3,716.88
1680582	COPPER SERVICES	59	19971215	25,459.15	1.1471	29,204.19
1680583	COPPER SERVICES	146	19971215	149,384.40	1.1471	171,358.85
1680584	COPPER SERVICES	5	19971215	3,798.29	1.1471	4,357.02
1680585	COPPER SERVICES	5	19971215	1,837.09	1.1471	2,107.33
1680586	COPPER SERVICES	8	19971215	10,604.51	1.1471	12,164.43
1680587	COPPER SERVICES	3	19971215	3,928.87	1.1471	4,506.81
1680588	COPPER SERVICES	3	19971215	2,003.18	1.1471	2,297.85
1680589	COPPER SERVICES	0	19971215	4,993.16	1.1471	5,727.65
1680591	DUCTILE IRN SERV	1	19971215	2,170.46	1.1471	2,489.73
1784532	COPPER SERVICES	232	19990415	109,133.86	1.1038	120,461.95
1784533	COPPER SERVICES	10	19990415	5,360.37	1.1038	5,916.78
1784534	COPPER SERVICES	2	19990415	627.37	1.1038	692.49
1784535	COPPER SERVICES	8	19990415	3,199.13	1.1038	3,531.20
1784536	COPPER SERVICES	2	19990415	475.15	1.1038	524.47
1784537	COPPER SERVICES	48	19990415	27,620.80	1.1038	30,487.84
1784538	COPPER SERVICES	2	19990415	2,030.74	1.1038	2,241.53
1784539	COPPER SERVICES	2	19990415	546.14	1.1038	602.83
1784540	COPPER SERVICES	32	19990415	29,876.30	1.1038	32,977.46
1784541	COPPER SERVICES	2	19990415	1,228.59	1.1038	1,356.12
1784542	COPPER SERVICES	2	19990415	1,547.27	1.1038	1,707.88
1784543	COPPER SERV 4 IN	0	19990415	56.07	1.1038	61.89
3051415	2" COPPER SERVIC	8	19991130	6,899.96	1.1038	7,616.18
3057771	SERVICE LINES 3/	160	19991231	95,635.95	1.1038	105,562.96

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Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34500 Services						
3057772	SERVICE LINES 1"	9	19991231	6,373.39	1.1038	7,034.95
3057773	SERVICE LINES 1	11	19991231	9,565.95	1.1038	10,558.90
3084193	2" Copper Servic	5	20000930	3,080.22	1.0354	3,189.26
3094641	REPL 3/4" WATER	52	20001231	23,457.15	1.0354	24,287.53
3094642	REPL 1" WATER SE	24	20001231	14,318.46	1.0354	14,825.33
3094643	REPL 1 1/2" WATE	21	20001231	14,276.98	1.0354	14,782.39
3094644	REPL 2" WATER SE	10	20001231	7,212.57	1.0354	7,467.89
3094739	REPL 1 1/2" WATE	21	20001231	1,835.84	1.0354	1,900.83
3094740	REPL 1" WATER SE	2	20001231	127.85	1.0354	132.38
3094741	REPL 3/4" WATER	78	20001231	4,912.82	1.0354	5,086.73
3094742	REPL 2" WATER SE	3	20001231	305.97	1.0354	316.80
3096502	2" COPPER SERVIC	2	20001231	3,665.32	1.0354	3,795.07
3112958	2" COPPER SERVIC	6	20010531	6,106.17	1.0174	6,212.42
3112963	1 1/2" COPPER SE	4	20010531	3,206.49	1.0174	3,262.28
3118615		4	20010731	9,919.57	1.0000	9,919.57
3119013		3	20010731	4,581.38	1.0000	4,581.38
3119450	REPLACEMENT SERV	1550	20010731	252,940.04	1.0000	252,940.04
3119451	REPLACEMENT SERV	4	20010731	8,337.86	1.0000	8,337.86
3119452	REPAIRED 3/4" SE	2	20010731	686.23	1.0000	686.23
3119453	REPLACEMENT SERV	16	20010731	41,639.59	1.0000	41,639.59
3119527	REPLACEMENT SERV	162	20010731	84,568.10	1.0000	84,568.10
3119535	REPLACEMENT SERV	10	20010731	1,589.04	1.0000	1,589.04
3125914	1" Copper Servic	2	20010930	905.19	1.0000	905.19
3126051	1 1/2" Copper Se	1	20010930	852.00	1.0000	852.00
3129218	Copper Services-	3971	20011031	57,430.63	1.0000	57,430.63
Total for class W34500:				6,622,165.68		8,229,925.22
Asset Class: W34600 Meters						
1677117	METER EACH SIZE	1	19780701	22,982.00	2.2502	51,714.10
1677202	METER EACH SIZE	1	19790701	917.00	2.0525	1,882.14
1677203	METER EACH SIZE	1	19790701	13,001.00	2.0525	26,684.55
1677204	METER EACH SIZE	1	19790701	26,777.00	2.0525	54,959.79
1677215	Meter, 5/8 x 3/4	1	19800701	59.00	1.8282	107.86
1677277	METER EACH SIZE	1	19800701	629.00	1.8282	1,149.94
1677278	METER EACH SIZE	1	19800701	10,922.00	1.8282	19,967.60

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Company Code: 4005		Business Area: 4506		Sun City West Water		Qty	Acquisition Date	Original Cost	Factor	RCN Cost					
Main	Description														
Asset Class: W34600 Meters															
1677279	METER EACH SIZE			1	19800701			4,317.00	1.8282	7,892.34					
1677360	METER EACH SIZE			1	19810101			231.00	1.7464	403.42					
1677361	METER EACH SIZE			1	19810101			2,248.00	1.7464	3,925.91					
1677362	METER EACH SIZE			2	19810101			908.00	1.7464	1,585.73					
1677438	METER EACH SIZE			1	19820101			24,112.00	1.7206	41,487.11					
1677439	METER EACH SIZE			1	19820101			962.00	1.7206	1,655.22					
1677440	METER EACH SIZE			1	19820101			9,668.00	1.7206	16,634.76					
1677441	METER EACH SIZE			1	19820101			598.00	1.7206	1,028.92					
1677503	METER EACH SIZE			1	19830101			15,540.00	1.6480	25,609.92					
1677504	METER EACH SIZE			1	19830101			884.00	1.6480	1,456.83					
1677505	METER EACH SIZE			1	19830101			2,830.00	1.6480	4,663.84					
1677506	METER EACH SIZE			1	19830101			2,025.00	1.6480	3,337.20					
1677601	METER EACH SIZE			1	19840101			64,729.00	1.6028	103,747.64					
1677602	METER EACH SIZE			1	19840101			4,128.00	1.6028	6,616.36					
1677603	METER EACH SIZE			1	19840101			10,809.00	1.6028	17,324.67					
1677604	METER EACH SIZE			1	19840101			181.00	1.6028	290.11					
1677605	METER EACH SIZE			2	19840101			5,880.00	1.6028	9,424.46					
1677606	METER EACH SIZE			6	19840101			9,180.00	1.6028	14,713.70					
1677684	METER EACH SIZE			1	19850101			29,223.00	1.5394	44,985.89					
1677685	METER EACH SIZE			1	19850101			861.00	1.5394	1,325.42					
1677686	METER EACH SIZE			1	19850101			83.00	1.5394	127.77					
1677687	METER EACH SIZE			1	19850101			2,717.00	1.5394	4,182.55					
1677688	METER EACH SIZE			1	19850101			4,016.00	1.5394	6,182.23					
1677689	METER EACH SIZE			1	19850101			12,148.00	1.5394	18,700.63					
1677690	METER EACH SIZE			1	19850101			175.00	1.5394	269.40					
1677864	METER EACH SIZE			1	19860101			3,723.00	1.5195	5,657.10					
1677866	METER EACH SIZE			1	19860101			9,688.00	1.5195	14,720.92					
1677867	METER EACH SIZE			1	19860101			606.00	1.5195	920.82					
1677868	METER EACH SIZE			1	19860101			72.00	1.5195	109.40					
1677869	METER EACH SIZE			1	19860101			324.00	1.5195	492.32					
1677870	METER EACH SIZE			1	19860101			1,396.00	1.5195	2,121.22					
1677871	METER EACH SIZE			1	19860101			6,282.00	1.5195	9,545.50					
1677872	METER EACH SIZE			1	19860101			39,025.00	1.5195	59,298.49					
1677873	METER EACH SIZE			1	19860101			4,467.00	1.5195	6,787.61					
1677874	METER EACH SIZE			1	19860101			751.00	1.5195	1,141.14					

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Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34600	Meters					
1677875	METER EACH SIZE	1	19860101	98.00	1.5195	148.91
1677876	METER EACH SIZE	1	19860101	5,927.00	1.5195	9,006.08
1677877	METER EACH SIZE	1	19860101	1,273.00	1.5195	1,934.32
1677878	METER EACH SIZE	1	19860101	616.00	1.5195	936.01
1677879	METER EACH SIZE	1	19860101	156.00	1.5195	237.04
1677881	METER EACH SIZE	2	19860101	955.00	1.5195	1,451.12
1677882	METER EACH SIZE	1	19860101	6,453.00	1.5195	9,805.33
1677883	METER EACH SIZE	1	19860101	4,544.00	1.5195	6,904.61
1677884	METER EACH SIZE	1	19860101	268.00	1.5195	407.23
1677885	METER EACH SIZE	1	19860101	2,702.00	1.5195	4,105.69
1677886	METER EACH SIZE	1	19860101	940.00	1.5195	1,428.33
1677887	METER EACH SIZE	1	19860101	3,098.00	1.5195	4,707.41
1677888	METER EACH SIZE	1	19860101	1,721.00	1.5195	2,615.06
1677889	METER VAULT EACH	1	19860101	6,308.00	1.5195	9,585.01
1677865	METER EACH SIZE	0	19871001	20,009.57	1.4810	29,634.17
1678189	METER EACH SIZE	0	19871001	147.00	1.4810	217.71
1678190	METER EACH SIZE	0	19871001	5,812.03	1.4810	8,607.62
1678191	METER EACH SIZE	0	19871001	161.20	1.4810	238.74
1678192	METER EACH SIZE	0	19871001	282.34	1.4810	418.15
1678193	METER EACH SIZE	0	19871001	9,942.75	1.4810	14,725.21
1678194	METER EACH SIZE	0	19871001	11,342.22	1.4810	16,797.83
1678195	METER EACH SIZE	0	19871001	97.43	1.4810	144.29
1678196	METER EACH SIZE	0	19871001	11,405.31	1.4810	16,891.26
1678198	METER EACH SIZE	0	19871001	2,932.12	1.4810	4,342.47
1678201	METER EACH SIZE	0	19871001	858.43	1.4810	1,271.33
1678202	METER EACH SIZE	0	19871001	206.15	1.4810	305.31
1678203	METER EACH SIZE	0	19871001	669.56	1.4810	991.62
1678204	METER EACH SIZE	0	19871001	906.85	1.4810	1,343.04
1678205	METER EACH SIZE	0	19871001	82.04	1.4810	121.50
1678206	METER EACH SIZE	0	19871001	81.79	1.4810	121.13
1678208	METER EACH SIZE	0	19871001	2,568.58	1.4810	3,804.07
1678209	METER EACH SIZE	0	19871001	172.39	1.4810	255.31
1678210	METER EACH SIZE	0	19871001	841.41	1.4810	1,246.13
1678211	METER EACH SIZE	0	19871001	341.50	1.4810	505.76
1678212	METER EACH SIZE	0	19871001	6,302.07	1.4810	9,333.37

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Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34600 Meters						
1678213	METER EACH SIZE	3	19871001	599.00	1.4810	887.12
1678214	METER EACH SIZE	0	19871001	512.90	1.4810	759.60
1678215	METER EACH SIZE	0	19871001	5.60	1.4810	8.29
1678216	METER EACH SIZE	0	19871001	565.43	1.4810	837.40
1678217	METER EACH SIZE	0	19871001	293.33	1.4810	434.42
1678218	METER EACH SIZE	0	19871001	292.24	1.4810	432.81
1678219	METER EACH SIZE	0	19871001	337.16	1.4810	499.33
1678220	METER EACH SIZE	0	19871001	189.35	1.4810	280.43
1678222	METER EACH SIZE	2	19871001	1,333.62	1.4810	1,975.09
1678223	METER VAULT EACH	1	19871001	7,787.10	1.4810	11,532.70
1678197	METER EACH SIZE	0	19880101	5,704.74	1.4624	8,342.61
1678199	METER EACH SIZE	0	19880101	11,363.98	1.4624	16,618.68
1678207	METER EACH SIZE	0	19880101	169.75	1.4624	248.24
1678221	METER EACH SIZE	0	19880101	221.26	1.4624	323.57
1678361	METER EACH SIZE	0	19880101	527.81	1.4624	771.87
1678362	METER EACH SIZE	30	19880101	1,004.00	1.4624	1,468.25
1678363	METER EACH SIZE	0	19880101	177.92	1.4624	260.19
1678364	METER EACH SIZE	1	19880101	121.29	1.4624	177.37
1678365	METER BOXES	1	19880401	91.10	1.4624	133.22
1678603	METER EACH SIZE	0	19890415	440.47	1.4096	620.89
1678604	METER EACH SIZE	0	19890515	4,804.15	1.4096	6,771.93
1678615	METER EACH SIZE	0	19890515	899.30	1.4096	1,267.65
1678620	METER BOXES	341	19890515	18,597.94	1.4096	26,215.66
1678602	METER EACH SIZE	0	19891215	23,010.77	1.3930	32,054.00
1678605	METER EACH SIZE	1	19891215	2,016.10	1.3930	2,808.43
1678606	METER EACH SIZE	0	19891215	708.65	1.3930	987.15
1678608	METER EACH SIZE	24	19891215	10,469.08	1.3930	14,583.43
1678609	METER EACH SIZE	0	19891215	491.03	1.3930	684.00
1678610	METER EACH SIZE	0	19891215	264.75	1.3930	368.80
1678611	METER EACH SIZE	0	19891215	3,795.00	1.3930	5,286.44
1678612	METER EACH SIZE	0	19891215	188.97	1.3930	263.24
1678613	METER EACH SIZE	0	19891215	1,369.02	1.3930	1,907.04
1678614	METER EACH SIZE	0	19891215	3,361.25	1.3930	4,682.22
1678616	METER EACH SIZE	0	19891215	97.89	1.3930	136.36
1678617	METER EACH SIZE	0	19891215	848.72	1.3930	1,182.27

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Witness: Bourassa

Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34600 Meters						
1678618	METER EACH SIZE	0	19891215	3,022.52	1.3930	4,210.37
1678619	METER BOXES	0	19891215	14.92	1.3930	20.78
1678621	METER BOXES	80	19891215	6,703.42	1.3930	9,337.86
1678781	METER EACH SIZE	76	19900115	2,947.59	1.3930	4,105.99
1678791	METER BOXES	0	19900115	15,594.09	1.3930	21,722.57
1678777	METER EACH SIZE	18	19900315	623.09	1.3930	867.96
1678786	METER EACH SIZE	2	19900315	283.22	1.3930	394.53
1678789	METER EACH SIZE	1	19900315	566.44	1.3930	789.05
1678778	METER EACH SIZE	0	19900515	4,906.38	1.3930	6,834.59
1678779	METER EACH SIZE	0	19900515	1,517.92	1.3930	2,114.46
1678783	METER EACH SIZE	1	19900515	241.12	1.3930	335.88
1678787	METER EACH SIZE	1	19900515	305.95	1.3930	426.19
1678792	METER BOXES	2	19900515	241.12	1.3930	335.88
1678780	METER EACH SIZE	0	19900615	9,084.42	1.3930	12,654.60
1678784	METER EACH SIZE	0	19900615	873.01	1.3930	1,216.10
1678782	METER EACH SIZE	176	19901215	9,601.29	1.3605	13,062.56
1678785	METER EACH SIZE	7	19901215	1,462.22	1.3605	1,989.35
1678788	METER EACH SIZE	1	19901215	277.25	1.3605	377.20
1678950	METER EACH SIZE	62	19911215	2,313.37	1.3605	3,147.34
1678951	METER EACH SIZE	4	19911215	165.28	1.3605	224.86
1678952	METER EACH SIZE	12	19911215	402.26	1.3605	547.27
1678954	METER EACH SIZE	487	19911215	15,167.59	1.3605	20,635.51
1678955	METER EACH SIZE	2	19911215	146.72	1.3605	199.61
1678956	METER EACH SIZE	18	19911215	3,795.68	1.3605	5,164.02
1678957	METER EACH SIZE	16	19911215	2,523.03	1.3605	3,432.58
1678958	METER EACH SIZE	1	19911215	229.66	1.3605	312.45
1679119	METER EACH SIZE	5	19921215	2,549.04	1.3448	3,427.95
1679120	METER EACH SIZE	14	19921215	869.85	1.3448	1,169.77
1679121	METER EACH SIZE	75	19921215	3,914.28	1.3448	5,263.92
1679122	METER EACH SIZE	9	19921215	368.85	1.3448	496.03
1679123	METER EACH SIZE	602	19921215	23,043.02	1.3448	30,988.25
1679124	METER EACH SIZE	3	19921215	788.04	1.3448	1,059.76
1679125	METER EACH SIZE	8	19921215	1,711.36	1.3448	2,301.44
1679126	METER EACH SIZE	16	19921215	2,929.03	1.3448	3,938.96
1679127	METER EACH SIZE	4	19921215	1,071.32	1.3448	1,440.71

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Witness: Bourassa

Company Code: 4005		Business Area: 4506		Sun City West Water			
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost	
Asset Class: W34600 Meters							
1679128	METER EACH SIZE	1	19921215	312.50	1.3448	420.25	
1679129	METER EACH SIZE	0	19921215	303.25	1.3448	407.81	
1679130	METER BOXES	0	19921215	2,564.49	1.3448	3,448.73	
1679131	METER BOXES	0	19921215	1,071.60	1.3448	1,441.09	
1679132	METER BOXES	91	19921215	3,374.78	1.3448	4,538.40	
1679343	METER EACH SIZE	41	19930115	3,005.98	1.3146	3,951.66	
1679346	METER EACH SIZE	5	19930115	212.89	1.3146	279.87	
1679351	METER EACH SIZE	1	19930115	217.05	1.3146	285.33	
1679353	METER EACH SIZE	1	19930115	458.17	1.3146	602.31	
1679356	METER BOXES	184	19930115	10,885.15	1.3146	14,309.62	
1679357	METER BOXES	1	19930115	69.70	1.3146	91.63	
1679347	METER EACH SIZE	18	19930315	1,119.04	1.3146	1,471.09	
1679354	METER BOXES	57	19930315	8,089.74	1.3146	10,634.77	
1679344	METER EACH SIZE	259	19930615	32,711.85	1.3146	43,003.00	
1679352	METER EACH SIZE	13	19930615	5,821.16	1.3146	7,652.50	
1679358	METER BOXES	458	19930615	36,589.77	1.3146	48,100.91	
1679349	METER EACH SIZE	0	19930715	2,353.13	1.2857	3,025.42	
1679355	METER BOXES	90	19930715	3,969.65	1.2857	5,103.78	
1679345	METER EACH SIZE	746	19931115	46,703.81	1.2857	60,047.09	
1679350	METER EACH SIZE	24	19931115	4,833.23	1.2857	6,214.08	
1679359	METER BOXES	391	19931115	40,968.37	1.2857	52,673.03	
1679348	METER EACH SIZE	5	19931215	532.00	1.2857	683.99	
1679628	METER EACH SIZE	0	19940815	18.50	1.2315	22.78	
1679635	METER EACH SIZE	1	19941015	519.00	1.2315	639.15	
1679629	METER EACH SIZE	310	19941215	29,802.00	1.2315	36,701.16	
1679630	METER EACH SIZE	1007	19941215	75,799.00	1.2315	93,346.47	
1679631	METER EACH SIZE	19	19941215	14,628.00	1.2315	18,014.38	
1679632	METER EACH SIZE	0	19941215	37.00	1.2315	45.57	
1679633	METER EACH SIZE	30	19941215	2,926.00	1.2315	3,603.37	
1679634	METER EACH SIZE	36	19941215	8,855.00	1.2315	10,904.93	
1679636	METER BOXES	310	19941215	38,528.87	1.2315	47,448.30	
1679637	METER BOXES	305	19941215	48,455.92	1.2315	59,673.47	
1679638	METER BOXES	904	19941215	67,441.00	1.2315	83,053.59	
1679639	METER BOXES	0	19941215	154.86	1.2315	190.71	
1679640	METER BOXES	14	19941215	1,254.60	1.2315	1,545.04	

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Witness: Bourassa

Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34600 Meters						
1680084	METER EACH SIZE	0	19950115	220.01	1.2061	265.35
1680082	METER EACH SIZE	7	19951215	212.89	1.1939	254.17
1680083	METER EACH SIZE	79	19951215	8,833.28	1.1939	10,546.05
1680085	METER BOXES	522	19951215	8,454.59	1.1939	10,093.94
1680086	METER BOXES	72	19951215	939.96	1.1939	1,122.22
1680087	METER BOXES	171	19951215	20,400.32	1.1939	24,355.94
1680366	METER EACH SIZE	11	19960115	458.27	1.1818	541.58
1680368	METER EACH SIZE	1200	19960115	87,904.65	1.1818	103,885.72
1680370	METER EACH SIZE	6	19960115	1,641.05	1.1818	1,939.39
1680371	METER EACH SIZE	15	19960115	7,420.81	1.1818	8,769.91
1680374	METER EACH SIZE	8	19960115	4,376.14	1.1818	5,171.72
1680377	METER BOXES	235	19960115	28,884.64	1.1818	34,135.87
1680378	METER BOXES	9	19960315	467.54	1.1818	552.54
1680367	METER EACH SIZE	3	19960615	122.92	1.1818	145.27
1680375	METER EACH SIZE	4	19960615	2,329.02	1.1818	2,752.44
1680376	METER BOXES	821	19960615	27,115.48	1.1818	32,045.07
1680379	METER BOXES	38	19960615	3,590.10	1.1818	4,242.78
1680380	METER BOXES	4	19960615	279.49	1.1818	330.30
1680381	METER BOXES	1	19960915	140.83	1.1700	164.77
1680369	METER EACH SIZE	658	19961215	27,517.45	1.1700	32,195.42
1680372	METER EACH SIZE	0	19961215	558.96	1.1700	653.98
1680373	METER EACH SIZE	0	19961215	492.96	1.1700	576.76
1680382	METER BOXES	1	19961215	114.00	1.1700	133.38
1680598	METER EACH SIZE	13	19971215	504.07	1.1471	578.22
1680599	METER EACH SIZE	509	19971215	18,789.06	1.1471	21,552.93
1680600	METER EACH SIZE	1550	19971215	80,286.44	1.1471	92,096.58
1680601	METER EACH SIZE	50	19971215	11,919.30	1.1471	13,672.63
1680602	METER EACH SIZE	1	19971215	3,251.58	1.1471	3,729.89
1680603	METER EACH SIZE	500	19971215	18,369.09	1.1471	21,071.18
1680604	METER BOXES	7	19971215	704.52	1.1471	808.15
1680605	METER BOXES	32	19971215	3,464.41	1.1471	3,974.02
1680606	METER BOXES	5	19971215	367.42	1.1471	421.47
1680607	METER BOXES	3	19971215	267.64	1.1471	307.01
1680608	METER BOXES	3	19971215	272.65	1.1471	312.76
1680609	METER VAULT	1	19971215	3,251.58	1.1471	3,729.89

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RCN Asset Listing Plant at 12/31/2001

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Witness: Bourassa

Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34600 Meters						
1680759	METER EACH SIZE	0	19981215	544.23	1.1250	612.26
1784544	METER EACH SIZE	802	19990415	14,712.14	1.1038	16,239.26
1784545	METER EACH SIZE	48	19990415	4,430.45	1.1038	4,890.33
1784546	METER BOXES	2	19990415	56.42	1.1038	62.28
1784547	METER BOXES	8	19990415	341.24	1.1038	376.66
1784548	METER BOXES	4	19990415	87.39	1.1038	96.46
1784549	METER BOXES	4	19990415	167.30	1.1038	184.67
1784550	METER BOXES	2	19990415	82.52	1.1038	91.09
3051416	2" METER BOX	2	19991130	163.58	1.1038	180.56
3057834	5/8" X 3/4" METE	500	19991231	30,243.63	1.1038	33,382.92
3084194	2" Meter Box	5	20000930	410.70	1.0354	425.24
3094738	LABOR TO REPLACE	100	20001231	18,689.75	1.0354	19,351.37
3096503	2" METER BOX	2	20001231	366.53	1.0354	379.51
3112959	2" METER BOX W/L	12	20010531	1,182.52	1.0174	1,203.10
3117279	1" METER, TRIDEN	24	20010630	1,566.17	1.0174	1,593.42
3117280	5/8" X 3/4" METE	100	20010630	2,183.35	1.0174	2,221.34
3119011	1" METER, TRIDEN	1	20010731	-16.20	1.0000	-16.20
3119012	5/8" X 3/4" METE	1	20010731	-16.20	1.0000	-16.20
3119466	LABOR	1	20010731	352.18	1.0000	352.18
3119493	3" BRONZE GATE V	8	20010731	-1,431.02	1.0000	-1,431.02
3119536	ZINC BOLTS	1650	20010731	49,608.02	1.0000	49,608.02
3119537	2"BRZ 90	104	20010731	1,024.26	1.0000	1,024.26
3126052	1 1/2" Meter Box	1	20010930	127.80	1.0000	127.80
3128968	Fire Hydrant Met	2	20011031	1,537.43	1.0000	1,537.43
Total for class W34600:				1,678,135.13		2,262,959.07
Asset Class: W34800 Hydrants						
1677096	VALVE BUTTERFLY	39	19780701	6,807.00	2.2502	15,317.11
1677104	VALVE BOX EACH	125	19780701	4,575.00	2.2502	10,294.67
1677118	5.25 VLV 1 4IN S	124	19780701	80,277.00	2.2502	180,639.31
1677187	VALVE BOX EACH	58	19790701	2,610.00	2.0525	5,357.03
1677205	VALVE 6IN	46	19790701	9,410.00	2.0525	19,314.03
1677206	5.25 VLV 1 4IN S	62	19790701	50,365.00	2.0525	103,374.16
1677266	VALVE BOX EACH	69	19800701	2,862.00	1.8282	5,232.31
1677280	VALVE 6IN	69	19800701	14,886.00	1.8282	27,214.59

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RCN Asset Listing Plant at 12/31/2001

Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
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Asset Class: W34800 Hydrants

1677281	5.25 VLV 1 4IN S	69	19800701	52,614.00	1.8282	96,188.91
1677348	VALVE BOX EACH	19	19810101	17,675.00	1.7464	30,867.62
1677363	VALVE 6IN	40	19810101	15,157.00	1.7464	26,470.18
1677364	5.25 VLV 1 4IN S	40	19810101	45,935.00	1.7464	80,220.88
1677365	HY WT 3IN INLT 1	1	19810101	65.00	1.7464	113.52
1677428	VALVE BOX EACH	9	19820101	4,288.00	1.7206	7,377.93
1677442	VALVE 6IN	9	19820101	3,846.00	1.7206	6,617.43
1677443	5.25 VLV 1 4IN S	16	19820101	14,243.00	1.7206	24,506.51
1677496	TAP SLVE AND VAL	1	19830101	1,114.00	1.6480	1,835.87
1677507	5.25 VLV 1 4IN S	1	19830101	1,784.00	1.6480	2,940.03
1677584	VALVE BOX EACH	20	19840101	12,310.00	1.6028	19,730.47
1677586	TAP SLVE AND VAL	6	19840101	4,941.00	1.6028	7,919.43
1677607	VALVE 6IN	46	19840101	33,228.00	1.6028	53,257.84
1677608	5.25 VLV 1 4IN S	73	19840101	122,036.00	1.6028	195,599.30
1677609	6IN VALVE 4.5STM	4	19840101	5,451.00	1.6028	8,736.86
1677667	VALVE BOX EACH	37	19850101	15,602.00	1.5394	24,017.72
1677669	TAP SLVE AND VAL	5	19850101	7,652.00	1.5394	11,779.49
1677672	TAP SLVE AND VAL	1	19850101	2,536.00	1.5394	3,903.92
1677691	VALVE 6IN	61	19850101	16,019.00	1.5394	24,659.65
1677692	5.25 VLV 1 4IN S	70	19850101	122,050.00	1.5394	187,883.77
1677693	5.25 VLV 1 4IN S	1	19850101	204.00	1.5394	314.04
1677841	VALVE BOX EACH	10	19860101	2,130.00	1.5195	3,236.54
1677843	TAP SLVE AND VAL	2	19860101	3,738.00	1.5195	5,679.89
1677890	VALVE 6IN	35	19860101	9,181.00	1.5195	13,950.53
1677892	VALVE 6IN	1	19860101	156.00	1.5195	237.04
1677893	VALVE 6IN	1	19860101	1,992.00	1.5195	3,026.84
1677894	5.25 VLV 1 4IN S	39	19860101	69,914.00	1.5195	106,234.32
1677895	5.25 VLV 1 4IN S	1	19860101	24.00	1.5195	36.47
1677896	5.25 VLV 1 4IN S	1	19860101	965.00	1.5195	1,466.32
1677897	5.25 VLV 1 4IN S	1	19860101	393.00	1.5195	597.16
1677898	5.25 VLV 1 4IN S	1	19860101	387.00	1.5195	588.05
1677899	5.25 VLV 1 4IN S	1	19860101	2,136.00	1.5195	3,245.65
1677901	5.25 VLV 1 4IN S	1	19860101	7,278.00	1.5195	11,058.92
1677902	5.25 VLV 1 4IN S	1	19860101	1,763.00	1.5195	2,678.88
1677903	HYDRANT RISER	2	19860101	492.00	1.5195	747.59

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RCN Asset Listing Plant at 12/31/2001

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Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	W34800 Hydrants					
1677904	HYDRANT RISER	2	19860101	489.00	1.5195	743.04
1677891	VALVE 6IN	2	19871001	444.51	1.4810	658.32
1678111	VALVE BOX EACH	2	19871001	50.42	1.4810	74.67
1678113	VALVE BOX EACH	2	19871001	53.74	1.4810	79.59
1678116	VALVE BOX EACH	1	19871001	67.18	1.4810	99.49
1678122	VALVE BOX EACH	25	19871001	806.71	1.4810	1,194.74
1678130	TAP SLVE AND VAL	0	19871001	724.90	1.4810	1,073.58
1678224	VALVE 6IN	8	19871001	1,081.37	1.4810	1,601.51
1678225	VALVE 6IN	1	19871001	223.94	1.4810	331.66
1678226	VALVE 6IN	23	19871001	5,623.91	1.4810	8,329.01
1678227	VALVE 6IN	5	19871001	1,321.43	1.4810	1,957.04
1678228	VALVE 6IN	1	19871001	221.70	1.4810	328.34
1678229	VALVE 6IN	3	19871001	882.79	1.4810	1,307.41
1678230	VALVE 6IN	25	19871001	4,624.02	1.4810	6,848.17
1678231	VALVE 6IN	20	19871001	3,863.54	1.4810	5,721.90
1678232	5.25 VLV 1 4IN S	8	19871001	16,040.46	1.4810	23,755.92
1678233	5.25 VLV 1 4IN S	0	19871001	92.96	1.4810	137.67
1678234	5.25 VLV 1 4IN S	2	19871001	1,700.93	1.4810	2,519.08
1678235	5.25 VLV 1 4IN S	0	19871001	151.09	1.4810	223.76
1678236	5.25 VLV 1 4IN S	5	19871001	5,176.22	1.4810	7,665.98
1678237	5.25 VLV 1 4IN S	3	19871001	4,045.73	1.4810	5,991.73
1678238	5.25 VLV 1 4IN S	2	19871001	7,474.90	1.4810	11,070.33
1678239	5.25 VLV 1 4IN S	0	19871001	1,239.38	1.4810	1,835.52
1678240	5.25 VLV 1 4IN S	1	19871001	2,578.60	1.4810	3,818.91
1678241	5.25 VLV 1 4IN S	26	19871001	29,700.85	1.4810	43,986.96
1678242	5.25 VLV 1 4IN S	5	19871001	6,245.44	1.4810	9,249.50
1678243	5.25 VLV 1 4IN S	1	19871001	1,127.52	1.4810	1,669.86
1678244	5.25 VLV 1 4IN S	3	19871001	3,513.78	1.4810	5,203.91
1678245	5.25 VLV 1 4IN S	25	19871001	30,513.55	1.4810	45,190.57
1678247	5.25 VLV 1 4IN S	30	19871001	15,230.92	1.4810	22,556.99
1678246	5.25 VLV 1 4IN S	0	19880401	132.29	1.4624	193.46
1678248	5.25 VLV 1 4IN S	0	19880401	3,522.64	1.4624	5,151.51
1678339	VALVE BOX EACH	1	19880401	72.88	1.4624	106.58
1678340	VALVE BOX EACH	1	19880401	86.63	1.4624	126.69
1678341	VALVE BOX EACH	1	19880401	81.79	1.4624	119.61

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Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34800 Hydrants						
1678343	VALVE BOX EACH	3	19880401	129.00	1.4624	188.65
1678366	VALVE 6IN	4	19880401	881.86	1.4624	1,289.63
1678367	VALVE 6IN	1	19880401	242.93	1.4624	355.26
1678368	5.25 VLV 1 4IN S	4	19880401	3,501.85	1.4624	5,121.11
1678369	5.25 VLV 1 4IN S	0	19880401	271.01	1.4624	396.33
1678370	5.25 VLV 1 4IN S	1	19880401	2,563.10	1.4624	3,748.28
1678371	5.25 VLV 1 4IN S	1	19880401	2,890.19	1.4624	4,226.61
1678372	5.25 VLV 1 4IN S	0	19880401	811.00	1.4624	1,186.01
1678373	HY WT 3IN INLT 1	1	19880401	1,456.16	1.4624	2,129.49
1678335	VALVE BOX EACH	12	19880701	890.90	1.4267	1,271.05
1678337	VALVE BOX EACH	14	19880701	477.00	1.4267	680.54
1678344	TAP SLVE AND VAL	1	19880701	2,598.27	1.4267	3,706.95
1678345	TAP SLVE AND VAL	1	19880701	3,160.02	1.4267	4,508.40
1678555	VALVE BOX EACH	39	19890515	1,522.96	1.4096	2,146.76
1678559	VALVE BOX EACH	72	19890515	3,673.77	1.4096	5,178.55
1678622	VALVE 6IN	24	19890515	5,648.04	1.4096	7,961.48
1678624	VALVE 6IN	23	19890515	5,581.87	1.4096	7,868.20
1678625	VALVE 6IN	0	19890515	312.99	1.4096	441.19
1678627	5.25 VLV 1 4IN S	26	19890515	27,447.51	1.4096	38,690.01
1678630	5.25 VLV 1 4IN S	25	19890515	19,302.26	1.4096	27,208.47
1678631	5.25 VLV 1 4IN S	1	19890515	3,009.68	1.4096	4,242.44
1678632	5.25 VLV 1 4IN S	1	19890515	1,788.32	1.4096	2,520.82
1678557	VALVE BOX EACH	7	19891215	302.11	1.3930	420.84
1678562	VALVE BOX EACH	0	19891215	1,588.48	1.3930	2,212.75
1678623	VALVE 6IN	2	19891215	484.87	1.3930	675.42
1678626	5.25 VLV 1 4IN S	2	19891215	1,485.97	1.3930	2,069.96
1678628	5.25 VLV 1 4IN S	1	19891215	25,120.56	1.3930	34,992.94
1678629	5.25 VLV 1 4IN S	0	19891215	2,437.46	1.3930	3,395.38
1678633	5.25 VLV 1 4IN S	1	19891215	3,180.98	1.3930	4,431.11
1678736	VALVE BOX EACH	31	19900115	1,505.72	1.3930	2,097.47
1678793	VALVE 6IN	16	19900115	4,164.71	1.3930	5,801.44
1678797	5.25 VLV 1 4IN S	10	19900115	11,125.96	1.3930	15,498.46
1678798	5.25 VLV 1 4IN S	10	19900115	22,689.62	1.3930	31,606.64
1678738	VALVE BOX EACH	1	19900515	98.52	1.3930	137.24
1678794	VALVE 6IN	1	19900515	296.86	1.3930	413.53

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Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	W34800 Hydrants					
1678795	5.25 VLV 1 4IN S	0	19900515	87.85	1.3930	122.38
1678796	5.25 VLV 1 4IN S	1	19900515	1,120.43	1.3930	1,560.76
1678799	5.25 VLV 1 4IN S	1	19900515	1,357.77	1.3930	1,891.37
1678733	VALVE BOX EACH	0	19900615	428.39	1.3930	596.75
1678800	5.25 VLV 1 4IN S	0	19901215	153.98	1.3605	209.49
1678961	5.25 VLV 1 4IN S	4	19911115	2,825.74	1.3605	3,844.42
1678908	VALVE BOX EACH	0	19911215	2,302.75	1.3605	3,132.89
1678910	VALVE BOX EACH	0	19911215	1,124.20	1.3605	1,529.47
1678959	VALVE 6IN	0	19911215	223.61	1.3605	304.22
1678960	VALVE 6IN	18	19911215	4,687.03	1.3605	6,376.70
1678962	5.25 VLV 1 4IN S	4	19911215	4,449.46	1.3605	6,053.49
1678963	5.25 VLV 1 4IN S	18	19911215	17,950.97	1.3605	24,422.29
1678964	5.25 VLV 1 4IN S	3	19911215	2,176.74	1.3605	2,961.45
1679069	VALVE BOX EACH	29	19921215	2,097.33	1.3448	2,820.49
1679071	VALVE BOX EACH	7	19921215	285.14	1.3448	383.46
1679074	VALVE BOX EACH	12	19921215	808.72	1.3448	1,087.57
1679077	VALVE BOX EACH	3	19921215	152.89	1.3448	205.61
1679133	VALVE 6IN	13	19921215	3,707.93	1.3448	4,986.42
1679134	VALVE 6IN	12	19921215	4,717.10	1.3448	6,343.56
1679135	VALVE 6IN	3	19921215	780.65	1.3448	1,049.82
1679137	5.25 VLV 1 4IN S	10	19921215	11,859.83	1.3448	15,949.10
1679138	5.25 VLV 1 4IN S	5	19921215	6,772.56	1.3448	9,107.74
1679139	5.25 VLV 1 4IN S	7	19921215	5,728.22	1.3448	7,703.31
1679140	5.25 VLV 1 4IN S	12	19921215	11,486.99	1.3448	15,447.70
1679141	5.25 VLV 1 4IN S	0	19921215	257.73	1.3448	346.60
1679142	5.25 VLV 1 4IN S	3	19921215	1,458.29	1.3448	1,961.11
1679296	VALVE BOX EACH	10	19930115	542.62	1.3146	713.33
1679298	VALVE BOX EACH	10	19930115	738.79	1.3146	971.21
1679362	VALVE 6IN	10	19930115	2,036.27	1.3146	2,676.88
1679363	VALVE 6IN	6	19930115	1,862.82	1.3146	2,448.86
1679368	5.25 VLV 1 4IN S	10	19930115	5,139.26	1.3146	6,756.07
1679369	5.25 VLV 1 4IN S	6	19930115	7,748.58	1.3146	10,186.28
1679292	VALVE BOX EACH	4	19930315	233.03	1.3146	306.34
1679360	VALVE 6IN	4	19930315	1,459.61	1.3146	1,918.80
1679366	5.25 VLV 1 4IN S	4	19930315	3,655.27	1.3146	4,805.22

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Company Code: 4005		Business Area: 4506		Sun City West Water		
Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34800 Hydrants						
1679300	VALVE BOX EACH	29	19930615	2,084.20	1.3146	2,739.89
1679302	VALVE BOX EACH	2	19930615	69.23	1.3146	91.01
1679364	VALVE 6IN	29	19930615	12,025.95	1.3146	15,809.31
1679365	VALVE 6IN	2	19930615	417.97	1.3146	549.46
1679370	5.25 VLV 1 4IN S	29	19930615	32,835.46	1.3146	43,165.50
1679372	5.25 VLV 1 4IN S	2	19930615	1,509.28	1.3146	1,984.10
1679294	VALVE BOX EACH	2	19930715	118.94	1.2857	152.92
1679361	VALVE 6IN	2	19930715	1,101.15	1.2857	1,415.75
1679367	5.25 VLV 1 4IN S	2	19930715	10,277.80	1.2857	13,214.17
1679371	5.25 VLV 1 4IN S	0	19931115	1,534.18	1.2857	1,972.50
1679374	HY WT 4IN INLT 2	0	19931115	528.42	1.2857	679.39
1679567	VALVE BOX	6	19941215	485.00	1.2315	597.28
1679569	VALVE BOX	23	19941215	1,317.00	1.2315	1,621.89
1679571	VALVE BOX	10	19941215	432.00	1.2315	532.01
1679573	VALVE BOX	21	19941215	1,131.00	1.2315	1,392.83
1679576	VALVE BOX	2	19941215	77.00	1.2315	94.83
1679578	VALVE BOX	51	19941215	1,965.00	1.2315	2,419.90
1679641	VALVE 6IN	6	19941215	1,945.00	1.2315	2,395.27
1679642	VALVE 6IN	23	19941215	7,408.00	1.2315	9,122.95
1679643	VALVE 6IN	10	19941215	2,221.00	1.2315	2,735.16
1679644	VALVE 6IN	21	19941215	5,387.00	1.2315	6,634.09
1679645	VALVE 6IN	2	19941215	674.00	1.2315	830.03
1679646	VALVE 6IN	42	19941215	9,426.00	1.2315	11,608.12
1679647	5.25 VLV 1 4IN S	6	19941215	4,044.00	1.2315	4,980.19
1679648	5.25 VLV 1 4IN S	23	19941215	26,399.94	1.2315	32,511.53
1679649	5.25 VLV 1 4IN S	10	19941215	9,460.00	1.2315	11,649.99
1679650	5.25 VLV 1 4IN S	21	19941215	21,245.06	1.2315	26,163.29
1679651	5.25 VLV 1 4IN S	2	19941215	2,959.72	1.2315	3,644.90
1679652	5.25 VLV 1 4IN S	60	19941215	46,819.04	1.2315	57,657.65
1680019	VALVE BOX	4	19951215	579.06	1.1939	691.34
1680021	VALVE BOX	36	19951215	1,763.30	1.1939	2,105.20
1680023	VALVE BOX	3	19951215	125.29	1.1939	149.58
1680026	VALVE BOX	9	19951215	940.28	1.1939	1,122.60
1680088	VALVE 6IN	4	19951215	965.09	1.1939	1,152.22
1680089	VALVE 6IN	36	19951215	8,561.67	1.1939	10,221.78

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Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34800 Hydrants						
1680090	VALVE 6IN	3	19951215	782.62	1.1939	934.37
1680091	VALVE 6IN	2	19951215	1,337.57	1.1939	1,596.92
1680092	VALVE 6IN	9	19951215	4,701.40	1.1939	5,613.00
1680093	5.25 VLV 1 4IN S	4	19951215	1,286.78	1.1939	1,536.29
1680094	5.25 VLV 1 4IN S	36	19951215	32,344.30	1.1939	38,615.86
1680095	5.25 VLV 1 4IN S	3	19951215	2,819.23	1.1939	3,365.88
1680096	5.25 VLV 1 4IN S	2	19951215	5,609.15	1.1939	6,696.76
1680097	5.25 VLV 1 4IN S	9	19951215	8,927.48	1.1939	10,658.52
1680099	6 IN 1 4IN HN 2	1	19951215	1,406.46	1.1939	1,679.17
1680098	5.25 VLV 1 4IN S	0	19960115	2,913.64	1.1818	3,443.34
1680100	6 IN 1 4IN HN 2	0	19960115	203.05	1.1818	239.96
1680312	VALVE BOX	8	19960115	229.44	1.1818	271.15
1680317	VALVE BOX	8	19960315	571.82	1.1818	675.78
1680384	VALVE 6IN	8	19960315	4,288.59	1.1818	5,068.26
1680390	5.25 VLV 1 4IN S	8	19960315	12,865.78	1.1818	15,204.78
1680314	VALVE BOX	28	19960615	1,697.38	1.1818	2,005.96
1680320	VALVE BOX	2	19960615	113.75	1.1818	134.43
1680323	VALVE BOX	1	19960615	93.17	1.1818	110.11
1680383	VALVE 6IN	28	19960615	9,509.88	1.1818	11,238.78
1680385	VALVE 6IN	2	19960615	710.90	1.1818	840.14
1680386	VALVE 6IN	1	19960615	582.25	1.1818	688.10
1680389	5.25 VLV 1 4IN S	28	19960615	30,956.90	1.1818	36,584.86
1680391	5.25 VLV 1 4IN S	2	19960615	2,559.28	1.1818	3,024.56
1680392	5.25 VLV 1 4IN S	1	19960615	1,397.39	1.1818	1,651.44
1680325	VALVE BOX	1	19961215	88.64	1.1700	103.71
1680327	VALVE BOX	1	19961215	68.39	1.1700	80.02
1680387	VALVE 6IN	1	19961215	332.38	1.1700	388.88
1680388	VALVE 6IN	1	19961215	370.50	1.1700	433.49
1680393	5.25 VLV 1 4IN S	1	19961215	997.15	1.1700	1,166.67
1680394	5.25 VLV 1 4IN S	1	19961215	2,052.04	1.1700	2,400.89
1680395	6 IN 1 4IN HN 2	1	19961215	698.10	1.1700	816.78
1680315	VALVE BOX	14	19970115	419.39	1.1471	481.08
1680321	VALVE BOX	7	19970115	209.78	1.1471	240.64
1680556	VALVE BOX	1	19971215	60.51	1.1471	69.41
1680559	VALVE BOX	2	19971215	135.99	1.1471	155.99

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Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	W34800 Hydrants					
1680561	VALVE BOX	1	19971215	73.49	1.1471	84.30
1680562	VALVE BOX	1	19971215	120.19	1.1471	137.87
1680564	VALVE BOX	3	19971215	200.72	1.1471	230.25
1680566	VALVE BOX	3	19971215	200.31	1.1471	229.78
1680568	TAP SLVE AND VAL	1	19971215	3,876.15	1.1471	4,446.33
1680610	VALVE 6IN	1	19971215	483.91	1.1471	555.09
1680611	VALVE 6IN	7	19971215	2,276.11	1.1471	2,610.93
1680612	VALVE 6IN	2	19971215	679.97	1.1471	779.99
1680613	VALVE 6IN	1	19971215	428.65	1.1471	491.70
1680614	VALVE 6IN	3	19971215	1,170.90	1.1471	1,343.14
1680615	VALVE 6IN	3	19971215	1,168.53	1.1471	1,340.42
1680616	4.25 VLV 2 2.5 H	1	19971215	1,003.30	1.1471	1,150.89
1680617	5.25 VLV 1 4IN S	1	19971215	1,087.72	1.1471	1,247.72
1680618	5.25 VLV 1 4IN S	7	19971215	5,614.37	1.1471	6,440.24
1680619	5.25 VLV 1 4IN S	2	19971215	1,983.20	1.1471	2,274.93
1680620	5.25 VLV 1 4IN S	1	19971215	979.76	1.1471	1,123.88
1680621	5.25 VLV 1 4IN S	0	19971215	435.14	1.1471	499.15
1680622	5.25 VLV 1 4IN S	1	19971215	2,629.17	1.1471	3,015.92
1680623	5.25 VLV 1 4IN S	3	19971215	2,676.35	1.1471	3,070.04
1680624	5.25 VLV 1 4IN S	3	19971215	2,670.91	1.1471	3,063.80
1680756	VALVE BOX	7	19980115	442.15	1.1360	502.28
1680760	5.25 VLV 1 4IN S	1	19981215	4,400.09	1.1250	4,950.10
1784517	VALVE BOX	2	19990415	56.40	1.1038	62.25
1784519	VALVE BOX	8	19990415	255.93	1.1038	282.50
1784521	VALVE BOX	4	19990415	109.23	1.1038	120.57
1784523	VALVE BOX	2	19990415	41.98	1.1038	46.34
1784525	VALVE BOX	6	19990415	188.22	1.1038	207.76
1784527	VALVE BOX	4	19990415	123.78	1.1038	136.63
1784551	VALVE 6IN	2	19990415	338.46	1.1038	373.59
1784552	VALVE 6IN	8	19990415	1,492.94	1.1038	1,647.91
1784553	VALVE 6IN	4	19990415	873.82	1.1038	964.52
1784554	VALVE 6IN	2	19990415	314.78	1.1038	347.45
1784555	VALVE 6IN	6	19990415	941.04	1.1038	1,038.72
1784556	VALVE 6IN	4	19990415	1,031.51	1.1038	1,138.58
1784557	5.25 VLV 1 4IN S	2	19990415	1,128.19	1.1038	1,245.30

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Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W34800 Hydrants						
1784558	5.25 VLV 1 4IN S	8	19990415	4,265.50	1.1038	4,708.26
1784559	5.25 VLV 1 4IN S	4	19990415	2,730.70	1.1038	3,014.15
1784560	5.25 VLV 1 4IN S	0	19990415	161.94	1.1038	178.75
1784561	5.25 VLV 1 4IN S	2	19990415	1,259.16	1.1038	1,389.86
1784562	5.25 VLV 1 4IN S	6	19990415	2,823.13	1.1038	3,116.17
1784563	5.25 VLV 1 4IN S	4	19990415	2,888.22	1.1038	3,188.02
3051417	VALVE BOX	4	19991130	246.56	1.1038	272.15
3051418	6" AUXILIARY VA	4	19991130	1,231.48	1.1038	1,359.31
3051419	FIRE HYDRANT	6	19991130	5,185.56	1.1038	5,723.82
3084195	Valve Box	6	20000930	307.72	1.0354	318.61
3084196	6" Auxillary Val	6	20000930	2,156.28	1.0354	2,232.61
3084197	Fire Hydrant	6	20000930	8,932.83	1.0354	9,249.05
3094624	REPL FIRE HYDRAN	6	20001231	8,276.99	1.0354	8,570.00
3096504	VALVE BOX	3	20001231	343.21	1.0354	355.36
3096505	6" AUXILIARY VA	3	20001231	2,405.51	1.0354	2,490.67
3096506	FIRE HYDRANT	3	20001231	12,370.75	1.0354	12,808.67
3112960	VALVE BOX W/COVE	14	20010531	1,025.47	1.0174	1,043.31
3112961	6" AUXILIARY VA	12	20010531	4,863.77	1.0174	4,948.40
3112962	FIRE HYDRANT	14	20010531	27,801.56	1.0174	28,285.31
3119495	12" MU HYDRANT E	4	20010731	681.63	1.0000	681.63
3126053	Valve Box	1	20010930	127.74	1.0000	127.74
3126054	6" Auxillary Val	1	20010930	479.38	1.0000	479.38
3126055	Fire Hydrant	1	20010930	2,342.93	1.0000	2,342.93
3126384	6" Auxillary Val	2	20010930	958.50	1.0000	958.50
Total for class W34800:				1,682,897.78		2,512,460.50
Asset Class: W39000 Structures and Improvements						
1677129	MINOR STRUCTURE	1	19790701	4,116.00	2.0525	8,448.09
1677136	SIDEWALK EACH	20	19790701	441.00	2.0525	905.15
1677137	LANDSCAPING EACH	1	19790701	191.00	2.0525	392.03
1677232	SIGN	3	19800701	3,741.00	1.8282	6,839.30
1677233	AIR CONDITIONING	1	19800701	1,820.00	1.8282	3,327.32
1677385	MINOR STRUCTURE	1	19820101	6,959.00	1.7206	11,973.66
Total for class W39000:				17,268.00		31,885.55

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RCN Asset Listing
Plant at 12/31/2001

Exhibit
Schedule B-4
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Witness: Bourassa

Company Code: 4005		Business Area: 4506		Sun City West Water		Qty	Acquisition Date	Original Cost	Factor	RCN Cost					
Main	Description	Office Furniture and Equipment													
Asset Class: W39100		Office Furniture and Equipment													
1677059	MINOR STRUCTURE		1	19780701				3,122.00	2.2502	7,025.12					
1677060	SEPTIC TANK EACH		1	19780701				1,585.00	2.2502	3,566.57					
1677119	FILE EACH		4	19780701				2,213.00	2.2502	4,979.69					
1677207	FILE EACH		1	19790701				1,595.00	2.0525	3,273.74					
1677208	BLUE PRINT HOLDE		1	19790701				87.00	2.0525	178.57					
1677209	CABINET EACH		1	19790701				96.00	2.0525	197.04					
1677210	SHELVING EACH SE		1	19790701				19.00	2.0525	39.00					
1677282	AIR CONDITIONER		1	19800701				2,010.00	1.8282	3,674.68					
1677283	WARDROBE EACH		1	19800701				154.00	1.8282	281.54					
1677366	TABLE EACH		1	19810101				143.00	1.7464	249.74					
1677444	FILE EACH		1	19820101				143.00	1.7206	246.05					
1677610	DESK EACH		1	19840101				799.00	1.6028	1,280.64					
1677611	CALCULATOR EACH		1	19840101				245.00	1.6028	392.69					
1677694	ARM CHAIR		2	19850101				217.00	1.5394	334.05					
1677695	BOOKCASE EACH		2	19850101				209.00	1.5394	321.73					
1677696	TYPEWRITER EACH		1	19850101				1,081.00	1.5394	1,664.09					
1677697	TAPE RECORDER		1	19850101				38.00	1.5394	58.50					
1677905	MICROWAVE, KITCH		1	19860101				149.00	1.5195	226.41					
1677906	CORNER TABLE EAC		1	19860101				102.00	1.5195	154.99					
1677907	CALCULATOR EACH		2	19860101				424.00	1.5195	644.27					
1678249	MICROWAVE, KITCH		1	19871001				105.00	1.4810	155.51					
1678250	CHAIRMAT EACH		3	19871001				193.00	1.4810	285.83					
1678251	TABLE EACH		1	19871001				109.00	1.4810	161.43					
1678252	CALCULATOR EACH		2	19871001				504.00	1.4810	746.42					
1678255	TYPEWRITER EACH		1	19871001				494.00	1.4810	731.61					
1678256	BLUEPRINT CABINE		1	19871001				660.00	1.4810	977.46					
1678257	MICROFICHE READE		1	19871001				239.00	1.4810	353.96					
1678375	DESK EACH		0	19880101				300.10	1.4624	438.87					
1678378	CALCULATOR EACH		1	19880101				40.01	1.4624	58.51					
1678374	CHAIRMAT EACH		1	19880401				52.02	1.4624	76.07					
1678376	DESK EACH		1	19880401				1,206.48	1.4624	1,764.36					
1678382	TYPEWRITER EACH		1	19880401				511.17	1.4624	747.54					
1678635	REFRIGERATOR		1	19890915				513.58	1.3930	715.42					
1678636	COUNTER SURFACE		1	19890915				92.96	1.3930	129.49					
1678638	SECRETARY OR STE		0	19890915				244.01	1.3930	339.91					

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RCN Asset Listing
Plant at 12/31/2001

Exhibit
Schedule B-4
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Witness: Bourassa

Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W39100 Office Furniture and Equipment						
1678639	CHAIR EACH	0	19890915	651.85	1.3930	908.03
1678640	4 DRAWER FILE	0	19890915	212.64	1.3930	296.21
1678641	TABLE EACH	1	19890915	270.73	1.3930	377.13
1678642	TYPING TABLE	2	19890915	109.22	1.3930	152.14
1678644	SHELVING EACH SE	1	19890915	1,136.39	1.3930	1,582.99
1678645	SIGN AND WINDOW	0	19890915	20.91	1.3930	29.13
1678803	CARPET EACH SQ F	150	19901015	481.00	1.3605	654.40
1678965	MICROPHONE EACH	1	19910415	202.59	1.3765	278.87
1680762	MICROFICHE READE	4	19981115	5,356.72	1.1250	6,026.31
Total for class W39100:				28,137.38		46,776.71
Asset Class: W39110 Computer Equipment						
1678637	COMPUTER WORK ST	0	19890915	1,539.70	1.3930	2,144.80
1679377	COMPUTER SOFTWARE	0	19931215	780.00	1.2857	1,002.85
1679376	COMPUTER SOFTWARE	1	19940315	18,872.00	1.2580	23,740.98
1680104	COMPUTER SOFTWARE	1	19950115	19,630.00	1.2061	23,675.74
1680106	PRINTER	0	19951215	8,136.00	1.1939	9,713.57
3081746	Property Specifici	1	20000101	25,641.12	1.0833	27,777.03
3081746	Property Specifici	0	19981231	0.00	1.1250	0.00
Total for class W39110:				74,598.82		88,054.97
Asset Class: W39200 Transportation Equipment						
1678646	BACKHOE	1	19891015	22,139.31	1.3930	30,840.06
1678648	TRAILER EACH	2	19891015	3,270.69	1.3930	4,556.07
1678647	BACKHOE	0	19900615	136.00	1.3930	189.45
1679378	PICK UP	2	19930915	38,012.06	1.2857	48,872.11
1679379	PICK UP	1	19930915	19,734.45	1.2857	25,372.58
1679380	TRUCK BED EACH	1	19930915	4,453.55	1.2857	5,725.93
1679383	TOOL STORAGE BOX	1	19930915	437.94	1.2857	563.06
1680397	TRUCK	1	19961215	25,897.72	1.1700	30,300.33
1680635	AUTOMOBILE	1	19971115	18,565.53	1.1471	21,296.52
1680634	PICK UP	1	19971215	17,806.50	1.1471	20,425.84
1784565	TRUCK BED LINER	0	19990415	265.44	1.1038	292.99
1784566	LARGE PICK-UP	2	19990415	37,793.46	1.1038	41,716.42
1784567	TRUCK BODY	0	19990415	698.46	1.1038	770.96
1784568	TOOL STORAGE BOX	0	19990415	398.04	1.1038	439.36

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RCN Asset Listing Plant at 12/31/2001

Exhibit
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Witness: Bourassa

Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W39200 Transportation Equipment						
1784569	ROTATING BEACON	0	19990415	376.69	1.1038	415.79
3094144	2001 CHEVY SUV 2	1	20001231	25,214.60	1.0354	26,107.20
3094153	2000 CHEVY SUV S	1	20001231	23,672.60	1.0354	24,510.61
3094127	2000 1 TON CHEVY	1	20010731	24,691.36	1.0000	24,691.36
3120294	YEAR 2001 YAMAHA	2	20010731	6,557.07	1.0000	6,557.07
3129062	YEAR 2001 YAMAHA	1	20011031	6,407.07	1.0000	6,407.07
3129064	2001 CHEVY * TON	1	20011031	22,179.15	1.0000	22,179.15
3129065	2001 CHEVY S-10	1	20011031	16,462.04	1.0000	16,462.04
3129066	2001 CHEVY 2WD,	1	20011031	22,354.66	1.0000	22,354.66
Total for class W39200:				337,524.39		381,046.63
Asset Class: W39300 Stores Equipment						
1677446	SHELVING OF BINS	40	19820101	345.00	1.7206	593.61
1678390	TRUCK HAND EACH	1	19881001	141.91	1.4267	202.46
Total for class W39300:				486.91		796.07
Asset Class: W39400 Tools, Shop and Garage						
1677448	AMP METER	1	19820101	190.00	1.7206	326.91
1677508	PIPE TONGS	1	19830101	20.00	1.6480	32.96
1677613	DRILL PRESS	2	19840101	36.00	1.6028	57.70
1677614	GAUGE EACH	5	19840101	131.00	1.6028	209.97
1677699	SMALL TOOL LESS	6	19850101	324.00	1.5394	498.77
1677700	DRILL PRESS	7	19850101	235.00	1.5394	361.76
1677701	PRESSURE RECORDER	1	19850101	582.00	1.5394	895.93
1677702	RATCHET DIE SET	1	19850101	23.00	1.5394	35.41
1677914	SAFETY VEST	5	19860101	27.00	1.5195	41.03
1677915	BATTERY CHARGING	1	19860101	36.00	1.5195	54.70
1677916	SMALL TOOL LESS	1	19860101	33.00	1.5195	50.14
1677917	TOOL SET FOR VEH	1	19860101	660.00	1.5195	1,002.87
1678259	FIRE EXTINGUISHER	1	19871001	23.00	1.4810	34.06
1678260	BATTERY CHARGING	4	19871001	85.00	1.4810	125.89
1678261	BARRICADE EACH &	6	19871001	237.00	1.4810	351.00
1678262	DRILL PRESS	1	19871001	25.00	1.4810	37.03
1678263	ELECTRICAL SAFET	3	19871001	184.00	1.4810	272.50
1678264	OHMMETER	1	19871001	42.00	1.4810	62.20
1678265	CABINET	1	19871001	163.00	1.4810	241.40

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RCN Asset Listing Plant at 12/31/2001

Exhibit
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Witness: Bourassa

Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class:	W39400 Tools, Shop and Garage					
1678270	AIR COMPRESSOR E	1	19871001	390.46	1.4810	578.27
1678392	DRILL SETS	1	19880101	64.04	1.4624	93.65
1678399	PAINT GUN EACH	1	19880701	177.90	1.4267	253.81
1678391	BATTERY CHARGING	2	19881001	66.05	1.4267	94.23
1678393	TOOL SET FOR VEH	3	19881001	466.23	1.4267	665.17
1678395	METER TESTING AP	0	19881001	137.09	1.4267	195.59
1678397	PUMP PORTABLE EA	1	19881001	776.00	1.4267	1,107.12
1678401	POWER DRILL EACH	1	19881001	64.04	1.4267	91.37
1678649	DRILL PRESS	2	19891215	65.11	1.3930	90.70
1678650	LEAF BLOWER	1	19891215	211.89	1.3930	295.16
1678966	CHAIN SAW	1	19910415	226.43	1.3765	311.68
1678967	BATTERY CHARGING	1	19910415	357.29	1.3765	491.81
1678969	TOOL SET FOR VEH	1	19910415	372.74	1.3765	513.08
1678970	AMP METER	2	19910415	176.37	1.3765	242.77
1678971	TOOL BOX	1	19910415	39.83	1.3765	54.83
1678968	WATER LEVEL INDI	1	19910515	373.31	1.3765	513.86
1679147	BRUSH CUTTER	0	19920415	74.11	1.3765	102.01
1679148	FLASH LIGHTS	8	19920415	60.15	1.3765	82.80
1679150	WEED CUTTER	0	19920415	477.94	1.3765	657.88
1679151	SMALL TOOL LESS	15	19920415	286.76	1.3765	394.73
1679152	LEAF BLOWER	1	19920415	278.17	1.3765	382.90
1679154	OHMMETER	1	19920415	84.85	1.3765	116.80
1679158	POWER SAW EACH	1	19920415	463.42	1.3765	637.90
1679386	SAFETY SIGNS	4	19930115	307.32	1.3146	404.00
1679387	DRILL SETS	2	19930115	133.06	1.3146	174.92
1679388	SMALL TOOL LESS	11	19930115	409.67	1.3146	538.55
1679389	AMP METER	1	19930115	329.70	1.3146	433.42
1679391	CABINET	2	19930115	503.96	1.3146	662.51
1679393	HYDRAULIC JACK E	1	19930115	70.65	1.3146	92.88
1679394	TOOL BOX	4	19930115	592.27	1.3146	778.60
1679396	HAND TOOLS	2	19930115	419.18	1.3146	551.05
1679659	WRENCH	1	19940115	26.87	1.2580	33.80
1679660	FLASH LIGHTS	7	19940115	43.66	1.2580	54.92
1679661	HARD HATS	27	19940115	458.96	1.2580	577.37
1679665	SMALL TOOL LESS	2	19940115	310.08	1.2580	390.08

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RCN Asset Listing Plant at 12/31/2001

Exhibit
Schedule B-4
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Witness: Bourassa

Company Code: 4005 Business Area: 4506 Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W39400 Tools, Shop and Garage						
1679673	PUMP PORTABLE EA	1	19940115	577.59	1.2580	726.61
1679676	SOCKET SET	2	19940115	177.99	1.2580	223.91
1679679	HAND TRUCK	1	19940115	233.96	1.2580	294.32
1679663	GAS OR OIL PUMP	24	19940315	917.01	1.2580	1,153.60
1679664	BARRICADE EACH &	24	19940315	850.51	1.2580	1,069.94
1679666	SMALL TOOL LESS	15	19940315	222.01	1.2580	279.29
1679674	PUMP PORTABLE EA	4	19940315	3,765.62	1.2580	4,737.15
1679680	LADDER EACH	1	19940315	248.83	1.2580	313.03
1679675	PUMP PORTABLE	0	19941215	151.00	1.2315	185.96
1680408	PUMP PORTABLE	0	19960115	144.98	1.1818	171.34
Total for class W39400:				19,641.06		26,507.60
Asset Class: W39500 Laboratory Equipment						
1677920	CHLORINE TEST KI	1	19860101	223.00	1.5195	338.85
1678268	CHLORINE TEST KI	1	19871001	248.00	1.4810	367.29
1678403	OXYGEN MASK AND	1	19880701	1,471.00	1.4267	2,098.68
1678402	COMPARATOR EACH	1	19881001	199.87	1.4267	285.15
1678973	CHLORINE TEST KI	1	19910415	249.75	1.3765	343.78
1678974	CHLORINE TEST KI	2	19910615	500.99	1.3765	689.61
1679160	CHLORINE TEST KI	1	19920415	337.60	1.3765	464.71
1679400	CHLORINE TEST KI	1	19930115	354.81	1.3146	466.43
1679401	CAMERA EACH	0	19930115	134.23	1.3146	176.46
1679684	SAMPLER CASE WIT	3	19940315	47.32	1.2580	59.53
Total for class W39500:				3,766.57		5,290.49
Asset Class: W39600 Power Operated Equipment						
1678813	SPRAYER POWER EA	1	19901215	2,457.00	1.3605	3,342.75
1679164	AIR COMPRESSOR E	1	19921215	12,460.00	1.3448	16,756.21
1679165	BORING MACHINE E	1	19921215	3,804.00	1.3448	5,115.62
1679689	BORING MACHINE E	1	19940315	3,948.82	1.2580	4,967.62
1679690	BORING MACHINE	2	19950115	1,628.25	1.2061	1,963.83
Total for class W39600:				24,298.07		32,146.03

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RCN Asset Listing Plant at 12/31/2001

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Witness: Bourassa

Company Code: 4005 Business Area: 4506

Sun City West Water

Main	Description	Qty	Acquisition Date	Original Cost	Factor	RCN Cost
Asset Class: W39700 Communication Equipment						
1678405	TELEPHONE SYSTEM	1	19880701	2,397.01	1.4267	3,419.81
1678406	TELEPHONE INSTRU	7	19880701	1,412.36	1.4267	2,015.01
1678651	MOBIL RADIO (CAL	2	19890315	5,664.79	1.4096	7,985.09
1678652	MOBIL RADIO BASE	6	19890315	9,540.43	1.4096	13,448.19
1678653	MOBIL RADIO	3	19890315	11,016.78	1.4096	15,529.25
1679691	MOBILE 2 WAY RAD	1	19940115	933.19	1.2580	1,173.95
Total for class W39700:				30,964.56		43,571.30
Asset Class: W39800 Miscellaneous Equipment						
1677296	MAP EACH	11	19800701	3,877.00	1.8282	7,087.93
1677373	MAP EACH	1	19810101	280.00	1.7464	488.99
1677705	BARRICADES & FLA	6	19850101	305.00	1.5394	469.52
1677706	MAP EACH	1	19850101	1,273.00	1.5394	1,959.66
1678407	UNIDENTIFIED	1	19880401	458.00	1.4624	669.78
1678976	SYSTEM MAP	26	19911215	13,486.00	1.3605	18,347.70
1679397	OXYGEN MASK AND	1	19930115	575.79	1.3146	756.93
1679402	LOCKS	6	19930115	73.02	1.3146	95.99
1679695	CAMERA EACH	1	19940315	103.88	1.2580	130.68
1680784	SYSTEM MAP	3	19981215	23,438.80	1.1250	26,368.65
Total for class W39800:				43,870.49		56,375.83
Total for company 4005:				29,950,787.59		42,839,171.20
Report Total:				29,950,787.59		42,839,171.20

Source: Czn2002az_1_2

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Computation of Working Capital

Exhibit
Schedule B-5
Page 1
Witness: Bourassa

Line

No.

1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	\$	132,724
3	Pumping Power (1/24 of Pumping Power)		589
4	Material and Supplies Inventories		-
5	Prepayments		68
6			-
7			
8	Total Working Capital Allowance	<u>\$</u>	<u>133,381</u>
9			
10			
11	Working Capital Requested	<u>\$</u>	<u>-</u>
12			
13			
14	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>	
15	E-1	B-1	
16			

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Book Results	Label	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues						
2	Metered Water Revenues	\$ 3,599,725	11/17	(256,591)	\$ 3,343,134	1,479,624	\$ 4,822,758
3	Unmetered Water Revenues	-			-		-
4	Other Water Revenues	37,640			37,640		37,640
5		<u>\$ 3,637,365</u>		<u>\$ (256,591)</u>	<u>\$ 3,380,774</u>	<u>\$ 1,479,624</u>	<u>\$ 4,860,398</u>
6	Operating Expenses						
7	Salaries and Wages	\$ 392,024	2a,4a,10a	63,865	\$ 455,889		\$ 455,889
8	Purchased Water	326,945	18	(326,945)	-		-
9	Purchased Power	585,363	1b,16	578	585,941		585,941
10	Chemicals	20,907	1c	(500)	20,407		20,407
11	Repairs and Maintenance	170,037	1d	21	170,058		170,058
12	Office Supplies and Expense	33,099	1e,10b	156,942	190,041		190,041
13	Outside Services	73,914	1f	(41,482)	32,432		32,432
14	Service Company Fees		3	515,886	515,886		515,886
15	Water Testing		13	6,069	6,069		6,069
16	Rents	51	1g,12	14,083	14,134		14,134
17	Transportation Expenses				-		-
18	Insurance - General Liability	40,103	1h,10c	(11,113)	28,990		28,990
19	Insurance - health and Life				-		-
20	Regulatory Commission Expense - Rate Case	6,549	8	15,764	22,313		22,313
21	Miscellaneous Expense	426,100	1i,10d	(277,480)	148,620		148,620
22	Depreciation Expense	827,393	5	(77,243)	750,150		750,150
23	Taxes Other Than Income	4,764	1a,2b,4b	23,308	28,072		28,072
24	Property Taxes	298,787	6	(150,567)	148,220		148,220
25	Income Tax	(116,038)			(97,736)		473,382
26					-		-
27	Total Operating Expenses	<u>\$ 3,089,998</u>		<u>\$ (88,813)</u>	<u>\$ 3,019,487</u>	<u>\$ -</u>	<u>\$ 3,590,605</u>
28	Operating Income	<u>\$ 547,367</u>		<u>\$ (167,778)</u>	<u>\$ 361,287</u>	<u>\$ 1,479,624</u>	<u>\$ 1,269,793</u>
29	Other Income (Expense)						
30	Interest Income				-		-
31	Other income	11,274	14a	(11,274)	-		-
32	Interest Expense	(5,090,318)	7	4,573,557	(516,761)		(516,761)
33	Other Expense	(7,740)	14b	7,740	-		-
34	Gain/Loss Sale of Fixed Assets				-		-
35	Total Other Income (Expense)	<u>\$ (5,086,784)</u>		<u>\$ 4,570,023</u>	<u>\$ (516,761)</u>	<u>\$ -</u>	<u>\$ (516,761)</u>
36	Net Profit (Loss)	<u>\$ (4,539,417)</u>		<u>\$ 4,402,245</u>	<u>\$ (155,474)</u>	<u>\$ 1,479,624</u>	<u>\$ 753,032</u>
37							
38	<u>SUPPORTING SCHEDULES:</u>					<u>RECAP SCHEDULES:</u>	
39	C-2					A-1	
40	E-2						
41							

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses

Exhibit
Schedule C-2
Page 1
Witness: Bourassa

Line No.	Adjustments to Revenues and Expenses						Subtotal
	1 Remove Citizens Corp. Allocations	2 Remove T.Y. Salaries & Wages	3 Service Company Charges	4 Projected Salaries & Wages	5 Depreciation Expense	6 Property Taxes	
1							
2							
3	Revenues						-
4							
5	Expenses	(366,251)	(396,788)	515,886	375,805	(77,243)	(99,158)
6							
7	Operating						
8	Income	366,251	396,788	(515,886)	(375,805)	77,243	99,158
9							
10	Interest						
11	Expense						-
12	Other						
13	Income /						
14	Expense						
15							
16	Net Income	366,251	396,788	(515,886)	(375,805)	77,243	99,158
17							
18							
19							
20							
21							
22							
23	Revenues						5,424
24							
25	Expenses		15,764	-	300,468	14,083	231,158
26							
27	Operating						
28	Income	-	(15,764)	-	(300,468)	5,424	(225,734)
29							
30	Interest						
31	Expense	4,573,557					4,573,557
32	Other						
33	Income /						
34	Expense						
35							
36	Net Income	4,573,557	(15,764)	-	(300,468)	5,424	4,347,823
37							
38							
39							
40							
41							
42							
43	Revenues						(256,591)
44							
45	Expenses	6,069	-	905		(326,945)	(88,813)
46							
47	Operating						
48	Income	(6,069)	-	(905)	(262,015)	326,945	(167,778)
49							
50	Interest						
51	Expense						4,573,557
52	Other						
53	Income /		(3,534)				(3,534)
54	Expense						
55							
56	Net Income	(6,069)	(3,534)	-	(905)	326,945	4,402,245

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 1a-1i

Exhibit
Schedule C-2
Page 2
Witness: Bourassa

Line

No.

1 Remove Citizens Corporate Allocations

2

	<u>Account</u>	<u>Description</u>	<u>Amount</u>	<u>Adjustment Label</u>
3				
4	408	Taxes Other Than Income		1a
5	615	Purchased Power	(327)	1b
6	618	Chemicals	(500)	1c
7	620	Repairs and Maintenance	21	1d
8	621	Office Supplies and Expense	(5,921)	1e
9	630	Outside Services	(41,482)	1f
10	641	Rents	-	1g
11	657	Insurance - General Liability	(39,463)	1h
12	675	Miscellaneous Expense	(278,579)	1i
13	Total Adjustments		<u>(366,251)</u>	
14				
15	Adjustment to Revenues and/or Expenses		<u>(366,251)</u>	
16				
17				
18				
19				

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 2

Exhibit
Schedule C-2
Page 3
Witness: Bourassa

Line
No.

Remove Test Year Sal. & Wages and Related Expenses

	<u>Account</u>	<u>Description</u>	<u>Amount</u>	<u>Adjustment Label</u>
1				
2				
3				
4	601	Salaries & Wages	(392,024)	2a
5	408	Payroll Taxes	(4,764)	2b
6				
7				
8				
9				
10				
11				
12				
13	Total Adjustments		<u>(396,788)</u>	
14				
15	Adjustment to Revenues and/or Expenses		<u>(396,788)</u>	
16				
17				
18				
19				

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Bourassa

Line

No.

1 Service Company Charges

2

3 Total Service Charges \$ 5,153,711

4 Allocation Factor (4 Factor Formula) 0.1001

5 Total Charges \$ 515,886

6

7

8

9

10

11

12

13 Adjustment to Revenues and/or Expenses \$ 515,886

14

15

16

17

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 4

Exhibit
Schedule C-2
Page 5
Witness: Bourassa

Line

No.

1 Projected Salaries & Wages and Related Expenses

2

3	<u>Account</u>	<u>Description</u>	<u>Amount</u>	<u>Adjustment Label</u>
4	601	Salaries & Wages	\$ 347,733	4a
5	408	Payroll Taxes	28,072	4b
6				
7				
8				

6

7

8

9 Total

\$ 375,805

10

11

12

13 Adjustment to Revenues and/or Expenses

\$ 375,805

14

15

16

17

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 5

Exhibit
Schedule C-2
Page 6
Witness: Bourassa

Line No.					
1	<u>Depreciation Expense</u>				
2					
3	Account			Depreciation	
4	No.	Description	Original Cost	Rate	Expense
5		Intangible			
6	301.00	Organization	\$ 20,086	0.00%	\$ -
7	302.00	Franchises	1,588	0.00%	-
8	303.00	Miscellaneous Intangibles	-	0.00%	-
9		Subtotal Intangible	<u>\$ 21,674</u>		<u>\$ -</u>
10					
11		Source of Supply			
12	310.00	Land and Land Rights	\$ 11,651	0.00%	\$ -
13	311.00	Structures and Improvements	342,925	2.50%	8,573
14	312.00	Collecting and Impounding Res.	-	0.00%	-
15	313.00	Lakes, Rivers, Other Intakes	-	0.00%	-
16	314.00	Wells and Springs	1,307,051	2.52%	32,938
17		Subtotal Source of Supply	<u>\$ 1,661,627</u>		<u>\$ 41,511</u>
18					
19		Pumping			
20	320.00	Land and Land Rights	\$ 44,957	0.00%	\$ -
21	321.00	Structures and Improvements	231,439	1.67%	3,865
22	323.00	Other Power Production	-	0.00%	-
23	325.00	Electric Pumping Equipment	4,860,858	4.42%	214,850
24	326.00	Diesel Pumping Equipment	4,505	4.42%	199
25	328.10	Gas Engine Pumping Equipment	1,764	4.42%	78
26		Subtotal Pumping	<u>\$ 5,143,523</u>		<u>\$ 218,992</u>
27					
28		Water Treatment			
29	330.00	Land and Land Rights	\$ -	0.00%	\$ -
30	331.00	Structures and Improvements	38,357	1.67%	641
31	332.00	Water Treatment Equipment	149,687	4.00%	5,988
32		Subtotal Water Treatment	<u>\$ 188,045</u>		<u>\$ 6,628</u>
33					
34		Transmission and Distribution			
35	340.00	Land and Land Rights	\$ -	0.00%	\$ -
36	341.00	Structures and Improvements	-	0.00%	-
37	342.00	Distribution, Reservoirs, & ST	624,143	1.67%	10,423
38	343.00	Transmission and Distribution	11,747,852	1.53%	179,742
39	344.00	Fire Mains	169	0.00%	-
40	345.00	Services	6,622,166	2.48%	164,230
41	346.00	Meters	1,678,135	2.51%	42,121
42	348.00	Hydrants	1,682,898	2.00%	33,658
43	349.00	Other Transmission & Distribution	-	0.00%	-
44		Subtotal Transmission and Distribution	<u>\$ 22,355,363</u>		<u>\$ 430,174</u>
45					
46		General			
47	389.00	Land and Land Rights	\$ 817	0.00%	\$ -
48	390.00	Structures and Improvements	560,392	1.68%	9,419
49	391.00	Office Furniture and Equipment	166,928	4.55%	7,587
50	391.10	Computer Equipment	238,993	4.55%	10,863
51	392.00	Transportation Equipment	300,746	25.00%	75,186
52	393.00	Stores Equipment	4,807	3.92%	188
53	394.00	Tools, Shop and Garage	68,778	4.14%	2,844
54	395.00	Laboratory Equipment	21,787	3.71%	808
55	396.00	Power Operated Equipment	20,133	5.14%	1,036
56	397.00	Communication Equipment	96,626	10.28%	9,931
57	398.00	Miscellaneous Equipment	46,365	4.98%	2,309
58		Subtotal General	<u>\$ 1,526,371</u>		<u>\$ 120,171</u>
59					
60					
61					
62		ADFUC adjustment 3/95	(431,998)	2.68%	(11,592)
63		TOTALS	<u>\$ 30,464,605</u>		<u>\$ 805,884</u>
64					
65					
66					
67		Proforma Plant (to be completed by 12/31/2002)	\$ 688,774	2.6834%	18,482
68		Amortization of Citizens Acquisition Adjustment (C-2, Page 6a)			17,100
69		Amortization of Deferred Regulatory Assets	\$ 217,667	2.6834%	5,841
70					
71		Less: Amotization of Contributions	\$ 971,578	10.0000%	(97,158)
72					
73		Total Depreciation Expense			<u>\$ 750,150</u>
74					
75		Test Year Depreciation Expense			<u>827,393</u>
76					
77		Increase (decrease) in Depreciation Expense			<u>(77,243)</u>
78					
79		Adjustment to Revenues and/or Expenses			<u>\$ (77,243)</u>
80					

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Citizens Acquisition Adjustment
Amortization Schedule

Exhibit
Schedule C-2
Page 6a
Witness: Bourassa

Line
No.

1			
2	Acquisition Adjustment	8,164,652	
3	Annual Rate (Cost of Capital)	10.64%	
4	Term (years)	40	
5			
6			
7		Principal	
8	<u>Year</u>	<u>Reduction</u>	<u>Balance</u>
9	1	\$ 15,500	8,149,152
10	2	17,100	8,132,052
11	3	19,000	8,113,052
12	4	21,000	8,092,052
13	5	23,200	8,068,852
14	6	25,700	8,043,152
15	7	28,400	8,014,752
16	8	31,400	7,983,352
17	9	34,800	7,948,552
18	10	38,500	7,910,052
19	11	42,600	7,867,452
20	12	47,100	7,820,352
21	13	52,100	7,768,252
22	14	57,700	7,710,552
23	15	63,800	7,646,752
24	16	70,600	7,576,152
25	17	78,100	7,498,052
26	18	86,400	7,411,652
27	19	95,600	7,316,052
28	20	105,800	7,210,252
29	21	117,000	7,093,252
30	22	129,500	6,963,752
31	23	143,300	6,820,452
32	24	158,500	6,661,952
33	25	175,400	6,486,552
34	26	194,000	6,292,552
35	27	214,700	6,077,852
36	28	237,500	5,840,352
37	29	262,800	5,577,552
38	30	290,800	5,286,752
39	31	321,700	4,965,052
40	32	355,900	4,609,152
41	33	393,800	4,215,352
42	34	435,700	3,779,652
43	35	482,000	3,297,652
44	36	533,300	2,764,352
45	37	590,100	2,174,252
46	38	652,800	1,521,452
47	39	722,300	799,152
48	40	799,200	(48)

Principal
Reduction
17,100

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 6

Exhibit
Schedule C-2
Page 7
Witness: Bourassa

Line
No.

1	<u>Property Taxes</u>	
2		
3	Revenues in year ended 12/31/01	\$ 3,637,365
4	Adjusted Revenues in year ended 12/31/01	3,380,774
5	Proposed Revenues	4,860,398
6	Average of three year's of revenue	<u>\$3,959,513</u>
7	Average of three year's of revenue, times 2	<u>\$7,919,025</u>
8	Add:	
9	Construction Work in Progress at 10%	
10	Deduct:	
11	Book Value of Transportation Equipment	300,746
12	Book Value of Transportation Equipment (proforma)	17,600
13	Total Book Value of Transportation Equipment	<u>\$ 318,346</u>
14		
15	Full Cash Value	\$ 7,600,680
16	Assessment Ratio	<u>25%</u>
17	Assessed Value	1,900,170
18	Property Tax Rate	8.485354%
19		
20	Property Tax	161,236
21	Tax on Parcels	24,529
22		
23	Total Property Tax at Proposed Rates	<u>\$ 185,765</u>
24	Property Taxes in the test year	336,332
25	Change in Property Taxes	<u>\$ (150,567)</u>
26		
27		
28	Adjustment to Revenues and/or Expenses	<u>\$ (150,567)</u>
29		
30		

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 7

Exhibit
Schedule C-2
Page 8
Witness: Bourassa

Line
No.

1 Interest Synchronization with Rate Base

2

3 Fair Value Rate Base

\$16,407,508

4 Weighted Cost of Debt from Schedule D-1

3.15%

5 Synchronized Interest Expense

516,761

6 Test Year Interest Expense, Per Books

5,090,318

7 Increase in Interest Expense

\$ (4,573,557)

8

9 Adjustment to Revenues and/or Expense

4,573,557

10

11

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 8

Exhibit
Schedule C-2
Page 9
Witness: Bourassa

Line
No.

1	<u>Rate Case Expense</u>	
2		
3	Estimated Rate Case Expense	\$ 66,939
4		
5	Estimated Amortization Period in Years	3
6		
7	Annual Rate Case Expense	<u>\$ 22,313</u>
8		
9	Test Year Rate Case Expense	\$ 6,549
10		
11	Increase(decrease) Rate Case Expense	<u>\$ 15,764</u>
12		
13	Adjustment to Revenue and/or Expense	<u>\$ 15,764</u>
14		
15		
16		

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 9

Exhibit
Schedule C-2
Page 10
Witness: Bourassa

Line

No.

1 Intentionally Left Blank

2

3

4

5

6

7

8

9

10

11

12 Adjustment to Revenue and/or Expense

\$ -

13

14

15

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 10

Exhibit
Schedule C-2
Page 11
Witness: Bourassa

Line No.			Adjustment Label
1	<u>Projected Additional Expenses</u>		
2			
3			
4	Salaries & Wages	\$ 108,156	10a
5	Office Expense	162,863	10b
6	Insurance	28,350	10c
7	Misc Expense	1,099	10d
8			
9			
10			
11	Adjustment to Revenue and/or Expense	<u>\$ 300,468</u>	
12			
13			
14			
15			

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 11

Exhibit
Schedule C-2
Page 12
Witness: Bourassa

Line
No.

1 Revenue Annualization

2

3

4 Revenue Annualization

\$ 5,424

5

6

7

8 Total Revenue from Annualization

\$ 5,424

9

10

11 Adjustment to Revenue and/or Expense

\$ 5,424

12

13 SUPPORTING SCHEDULES

14 H1

15

16

17

18

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 12

Exhibit
Schedule C-2
Page 13
Witness: Bourassa

Line
No.

1 Corporate Office Lease

2

3

4 New Corporate Office

\$ 13,883

5

6

7

8 Total

\$ 13,883

9

10

11 Adjustment to Revenue and/or Expense

\$ 13,883

12

13

14

15

16

17

18

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 13

Exhibit
Schedule C-2
Page 14
Witness: Bourassa

Line
No.

1	<u>Water Testing Expenses (Not part of water testing included management fees)</u>	
2		
3		
4	Test Year Amount*	\$ 6,069
5		
6		
7		
8	Total	<u>\$ 6,069</u>
9		
10		
11	Adjustment to Revenue and/or Expense	<u>\$ 6,069</u>
12		
13		
14		
15		
16	* Removed in Adjustment 2 and need to be added back to expenses.	
17		
18		

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 14

Exhibit
Schedule C-2
Page 15
Witness: Bourassa

Line
No.

1 Remove Other Income and Expenses

2

3

4 Test Year Other Income

\$ (11,274)

Adjustment Label

14a

5 Test Year Other Expense

7,740

14b

6

7

8 Total

\$ (3,534)

9

10

11 Adjustment to Revenue and/or Expense

\$ (3,534)

12

13

14

15

16

17

18

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 15

Exhibit
Schedule C-2
Page 16
Witness: Bourassa

Line

No.

1 Intentionally Left Blank

2

3

4

5

6

7

8

9

10 Adjustment to Revenue and/or Expense

\$ -

11

12

13

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 16

Exhibit
Schedule C-2
Page 17
Witness: Bourassa

Line
No.

1	<u>Annualize power cost for additonal gallons from annualization of revenues</u>		
2			
3	Test Year Power Costs	\$	585,690
4	Gallons sold in Test Year (1,000's)		2,041,289
5	Cost per 1,000 gallons		0.28692
6	Additonal gailons from annualization		3,153
7			
8	Additional Expense	\$	<u>905</u>
9			
10			
11	Adjustment to Revenue and/or Expense	\$	<u>905</u>
12			
13			
14			

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 17

Exhibit
Schedule C-2
Page 18
Witness: Bourassa

Line
No.

1 Remove GW Savings Revenues

2

3

4 Test Year GW Savings Revenues

\$ 262,015

5

6

7

8 Total

\$ 262,015

9

10

11 Adjustment to Revenue and/or Expense

\$ (262,015)

12

13

14

15

16

17

18

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 18

Exhibit
Schedule C-2
Page 19
Witness: Bourassa

Line

No.

1 Remove Purchased Water Revenues

2

3

4 Test Year Purchased Water

\$ 326,945

5

6

7

8 Total

\$ 326,945

9

10

11 Adjustment to Revenue and/or Expense

(326,945)

12

13

14

15

16

17

18

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	31.63%
2		
3	State Income Taxes	6.97%
4		
5	Other Taxes and Expenses	0.00%
6		
7		
8	Total Tax Percentage	38.60%
9		
10	Operating Income % = 100% - Tax Percentage	61.40%
11		
12		
13		
14		
15	$\frac{1}{\text{Operating Income \%}}$ = Gross Revenue Conversion Factor	
16		1.6286
17		

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Summary of Cost of Capital

Exhibit
Schedule D-1
Page 1
Witness: Stephenson

		<u>End of Test Year</u>		<u>End of Projected Year</u>			
Line No.	Item of Capital	Percent of Total	Cost Rate (a)	Weighted Cost	Percent of Total	Cost Rate (a)	Weighted Cost
1	Long-Term Debt	59.89%		3.04%	60.00%		3.15%
2							
3	Stockholder's Equity (c)	40.11%	11.50%	4.61%	40.00%	11.50%	4.60%
4							
5	Totals	100.00%		7.65%	100.00%		7.75% (b)

(a) See D-2
(b) Used on A-1
SUPPORTING SCHEDULES:

D-1
D-3
D-4
E-1

Line No. 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29

Arizona American - Sun City West Water
 Test Year Ended December 31, 2001
 Cost of Long Term Debt

Exhibit
 Schedule D-2
 Page 1
 Witness: Stephenson

Line No.	Description of Debt	<u>End of Test Year</u>		<u>End of Projected Year</u>	
		<u>Percent</u>	<u>Interest Rate</u>	<u>Percent</u>	<u>Interest Rate</u>
1					
2	Long-Term Debt	56.04%	4.92%	52.26%	4.92%
3	Long-Term Debt	3.85%	7.30%	3.85%	7.30%
4	Long-Term Debt	0.00%	0.00%	3.89%	7.60%
5			0.00%		
6					
7					
8					
9					
10	Totals	59.89%		60.00%	
11			3.04%		3.15%

Supporting Schedules:

12
13
14
15
16
17
18

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Stephenson

Line No.	Description of Issue	<u>End of Test Year</u>			<u>End of Projected Year</u>		
		Shares Outstanding	Amount	Dividend Requirement	Shares Outstanding	Amount	Dividend Requirement
1							
2							
3	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17	SUPPORTING SCHEDULES:				RECAP SCHEDULES:		
18	(a) E-1				(a) D-1		
19							
20							

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Zepp

Line
No.

1
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THE COMPANY IS REQUESTING 11.5% RATE OF RETURN ON COMMON EQUITY.
THE REQUEST IS SUPPORTED BY THE TESTIMONY AND EXHIBITS OF
DR. THOMAS M. ZEPP INCLUDED IN THE FILING.

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Comparative Balance Sheets

Exhibit
Schedule E-1
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/01	Prior Year Ended 12/31/00	Prior Year Ended 12/31/99
1	ASSETS			
2	Plant In Service	\$ 29,950,787	\$ 29,128,824	\$ 29,361,441
3				
4	Non-Utility Plant			
5	Construction Work in Progress	43,456	434,780	(155,147)
6	Less: Accumulated Depreciation	5,903,886	5,251,450	5,175,830
7	Net Plant	\$ 24,090,357	\$ 24,312,154	\$ 24,030,464
8				
9	Debt Reserve Fund	\$ -	\$ -	\$ -
10				
11	CURRENT ASSETS			
12	Cash and Equivalents	\$ -	\$ -	\$ -
13	Accounts Receivable, Net	697,506	205,775	306,830
14	Notes/Receivables from Associated Companies	9,297,639	14,326,693	29,835,013
15	Materials and Supplies			
16	Prepayments	68		
17	Other Current Assets	148,118	470,535	440,436
18	Total Current Assets	\$ 10,143,331	\$ 15,003,003	\$ 30,582,279
19				
20	Deferred Debits	\$ -	\$ -	
21				
22	Other Investments & Special Funds	\$ -	\$ -	\$ -
23				
24	TOTAL ASSETS	\$ 34,233,688	\$ 39,315,157	\$ 54,612,743
25				
26				
27	LIABILITIES AND STOCKHOLDERS' EQUITY			
28				
29	Common Equity	\$ 16,767,478	\$ 21,306,895	\$ 20,961,078
30				
31	Long-Term Debt	\$ -	\$ -	\$ -
32				
33	CURRENT LIABILITIES			
34	Accounts Payable	\$ 50,249	\$ 166,592	\$ 123,261
35	Current Portion of Long-Term Debt			
36	Payables to Associated Companies			
37	Customer Deposits	1,225	2,077	2,077
38	Taxes Payable	241,796	258,243	284,394
39	Interest Payable			
40	Other Current Liabilities		36	
41	Total Current Liabilities	\$ 293,270	\$ 426,948	\$ 409,732
42	DEFERRED CREDITS			
43	Advances in Aid of Construction	\$ 13,515,231	\$ 13,675,226	\$ 28,792,278
44	Accumulated Deferred Income Taxes	2,176,085	2,162,338	2,634,865
45	Contributions In Aid of Construction, Net	341,274	520,742	509,747
46	Accumulated Deferred Income Credits	1,130,350	1,223,008	1,305,043
47	Total Deferred Credits	\$ 17,162,940	\$ 17,581,314	\$ 33,241,933
48				
49	Total Liabilities & Common Equity	\$ 34,223,688	\$ 39,315,157	\$ 54,612,743
50				
51	SUPPORTING SCHEDULES:			
52	E-5			

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Comparative Income Statements

Exhibit
Schedule E-2
Page 1
Witness: Bourassa

Line No.		Combined Sewer & Water		
		Test Year Ended <u>12/31/01</u>	Prior Year Ended <u>12/31/00</u>	Prior Year Ended <u>12/31/99</u>
1	Operating Revenues	\$ 3,637,365	\$ 3,903,820	\$ 3,540,905
2	Operation and Maintenance			
3	Expense	\$ 2,075,092	\$ 2,247,102	\$ 2,389,125
4	Depreciation & Amortization	827,393	803,180	755,407
5	Other Taxes	303,551	476,952	275,420
6	Income Taxes	(116,038)	80,522	66,997
7	Total Expense	\$ 3,089,998	\$ 3,607,756	\$ 3,486,949
8	Operating Income	\$ 547,367	\$ 296,064	\$ 53,956
9	Other Income Net	(11,274)	(85,950)	(137)
10	Long-Term Interest	5,090,318	26	8
11	Other Expense	7,740	36,171	(12,752)
12	Miscellaneous Other Expense (Income)			
13	AFUDC			
14	Net Income	\$ (4,539,417)	\$ 345,817	\$ 66,837

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Comparative Statements of Cash Flows

Exhibit
Schedule E-3
Page 1
Witness: Bourassa

Line No.	Test Year Ended 12/31/01	Prior Year Ended 12/31/00	Prior Year Ended 12/31/99
1			
2			
3	Cash Flows from Operating Activities		
4	Net Income	\$ (4,539,417)	\$ 345,817
5	Adjustments to reconcile net income to net cash		\$ 66,837
6	provided by operating activities:		
7	Depreciation and Amortization	827,393	803,180
8	Deferred Income Taxes	(92,658)	755,407
9	Accumulated Deferred ITC	23,747	1,236,146
10	Changes in Certain Assets and Liabilities:	(1,411,857)	2,183,461
11	Accounts Receivable	(491,731)	-
12	Materials and Supplies Inventory	101,055	(107,023)
13	Prepaid Expenses	-	-
14	Misc Current Assets and Deferred Expense	(68)	-
15	Accounts Payable and Accrued Liabilities	322,417	(30,099)
16	Accrued Taxes	(116,379)	(125,182)
17	Net Cash Flow provided by Operating Activities	(118,758)	118,758
18	Cash Flow From Investing Activities:	(16,447)	151,604
19	Capital Expenditures	\$ (4,083,143)	\$ 682,607
20	Plant Held for Future Use	\$ (605,596)	\$ (1,084,870)
21	Non-Utility Property		\$ (691,634)
22	Net Cash Flows from Investing Activities	\$ (605,596)	\$ (1,084,870)
23	Cash Flow From Financing Activities		
24	(Decrease) Increase in Net Amounts due to Parent and		
25	Affiliates	5,029,054	15,508,320
26	Customer Deposits	(852)	(20,121,545)
27	Changes in Advances for Construction	(159,995)	-
28	Changes in Contributions for Construction	(179,468)	14,731,213
29	Net Proceeds from Long-Term Debt Borrowing	-	10,995
30	Repayments of Long-Term Debt	-	183,222
31	Dividends Paid	-	-
32	Deferred Financing Costs	-	-
33	Paid in Capital		1,616,717
34	Net Cash Flows Provided by Financing Activities	\$ 4,688,739	\$ 402,263
35	Increase(decrease) in Cash and Cash Equivalents:	\$ (3,588,374)	\$ (3,588,374)
36	Cash and Cash Equivalents at Beginning of Year	-	-
37	Cash and Cash Equivalents at End of Year	\$ -	\$ -
38			
39			

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Statement of Changes in Stockholder's Equity

Exhibit
Schedule E-4
Page 1
Witness: Bourassa

Line
No.

		Common Stock	Additional Paid-In-Capital	Retained Earnings	Total
1					
2					
3					
4	Balance, December 31, 1997	\$ 10,000,000	\$ 626,290	\$ 8,145,830	\$ 18,772,120
5					
6	Net Income	-	-	505,404	505,404
4					
5	Balance, December 31, 1998	10,000,000	626,290	8,651,234	19,277,524
6	Additional Paid in Capital		1,616,717		1,616,717
7	Net Income	-	-	66,837	66,837
8					
4	Balance, December 31, 1999	10,000,000	2,243,007	8,718,071	20,961,078
5					
6	Net Income	-	-	345,817	345,817
7					
8	Balance, December 3, 2000	10,000,000	2,243,007	9,063,888	21,306,895
9					
10	Net Income	-	-	(4,539,417)	(4,539,417)
11					
12	Balance, December 31, 2001	\$ 10,000,000	\$ 2,243,007	\$ 4,524,471	\$ 16,767,478

13

14

15 SUPPORTING SCHEDULES:

RECAP SCHEDULES:

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Detail of Plant in Service

Exhibit
Schedule E-5
Page 1
Witness: Bourassa

Line	Acct.		Plant	Plant	Plant
No.	No.	Plant Description	Balance	Additions, Reclass- ifications or Retirements	Balance
			at 12/31/00		at 12/31/01
1		Intangible			
2	301.00	Organization	\$ 20,086	\$ -	\$ 20,086
3	302.00	Franchises	1,588	-	1,588
4	303.00	Miscellaneous Intangibles	-	-	-
5		Subtotal Intangible	\$ 21,674	\$ -	\$ 21,674
6					
7		Source of Supply			
8	310.00	Land and Land Rights	\$ 11,651	\$ -	\$ 11,651
9	311.00	Structures and Improvements	342,925	-	342,925
10	312.00	Collecting and Impounding Res.	924	(924)	-
11	313.00	Lakes, Rivers, Other Intakes	-	-	-
12	314.00	Wells and Springs	1,306,127	924	1,307,051
13		Subtotal Source of Supply	\$ 1,661,627	\$ 0	\$ 1,661,627
14					
15		Pumping			
16	320.00	Land and Land Rights	\$ 44,957	\$ -	\$ 44,957
17	321.00	Structures and Improvements	231,439	-	231,439
18	323.00	Other Power Production	-	-	-
19	325.00	Electric Pumping Equipment	4,780,805	80,053	4,860,858
20	326.00	Diesel Pumping Equipment	4,505	-	4,505
21	328.10	Gas Engine Pumping Equipment	1,764	-	1,764
22		Subtotal Pumping	\$ 5,063,470	\$ 80,053	\$ 5,143,523
23					
24		Water Treatment			
25	330.00	Land and Land Rights	\$ -	\$ -	\$ -
26	331.00	Structures and Improvements	38,358	(1)	38,357
27	332.00	Water Treatment Equipment	146,800	2,888	149,687
28		Subtotal Water Treatment	\$ 185,158	\$ 2,887	\$ 188,045
29					
30		Transmission and Distribution			
31	340.00	Land and Land Rights	\$ -	\$ -	\$ -
32	341.00	Structures and Improvements	-	-	-
33	342.00	Distribution, Reservoirs, & ST	624,143	-	624,143
34	343.00	Transmission and Distribution	11,469,729	278,123	11,747,852
35	344.00	Fire Mains	169	-	169
36	345.00	Services	6,222,717	399,449	6,622,166
37	346.00	Meters	1,622,017	56,118	1,678,135
38	348.00	Hydrants	1,647,359	35,538	1,682,898
39	349.00	Other Transmission & Distribution	-	-	-
40		Subtotal Transmission and Distribution	\$ 21,586,135	\$ 769,228	\$ 22,355,363
41					
42		General			
43	389.00	Land and Land Rights	\$ -	\$ -	\$ -
44	390.00	Structures and Improvements	17,268	-	17,268
45	391.00	Office Furniture and Equipment	29,744	(1,607)	28,137
46	391.10	Computer Equipment	94,024	(19,425)	74,599
47	392.00	Transportation Equipment	345,201	(7,677)	337,524
48	393.00	Stores Equipment	487	-	487
49	394.00	Tools, Shop and Garage	19,641	-	19,641
50	395.00	Laboratory Equipment	3,767	-	3,767
51	396.00	Power Operated Equipment	24,298	-	24,298
52	397.00	Communication Equipment	34,164	(3,199)	30,965
53	398.00	Miscellaneous Equipment	46,920	(3,049)	43,870
54		Subtotal General	\$ 615,513	\$ (34,957)	\$ 580,556
55					
56					
57					
58					
59		TOTAL WATER PLANT	\$ 29,133,577	\$ 817,211	\$ 29,950,788

SUPPORTING SCHEDULES

RECAP SCHEDULES:

A-4
E-1

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Operating Statistics

Exhibit
Schedule E-7
Page 1
Witness: Bourassa

Line No.		Test Year Ended <u>12/31/01</u>	Prior Year Ended <u>12/31/00</u>	Prior Year Ended <u>12/31/99</u>
1	<u>WATER STATISTICS:</u>			
2				
3				
4				
5	Total Gallons Sold (in Thousands)	2,023,666	2,100,838	1,963,061
6				
7				
8				
9	Water Revenues from Customer:	\$ 3,599,725	\$ 3,868,692	\$ 3,508,625
10				
11				
12				
13				
14	Year End Number of Customers	17,358	17,129	17,065
15				
16				
17	Annual Gallons (in Thousands)			
18	Sold Per Year End Customer	116.58	122.65	115.03
19				
20				
21				
22	Annual Revenue per Year End Customer	\$ 207.38	\$ 225.86	\$ 205.60
23				
24	Pumping Cost Per 1,000 Gallons	\$ 0.4505	\$ 0.3186	\$ 0.3847
25	Purchased Water Cost per 1,000 Gallons	\$ 0.0003	\$ 0.0309	\$ 0.0001

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Taxes Charged to Operations

Exhibit
Schedule E-8
Page 1
Witness: Bourassa

Line No.		Test Year Ended <u>12/31/01</u>	Prior Year Ended <u>12/31/00</u>	Prior Year Ended <u>12/31/99</u>
1	<u>Description</u>			
2				
3	Federal Income Taxes *			
4	State Income Taxes *			
5	Payroll Taxes **			
6	Property Taxes **			
7			Data Not Available	
8	Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
9				
10				
11	*Computed			
12	**Source: ACC Annual Reports			
13				
14				

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Notes To Financial Statements

Exhibit
Schedule E-9
Page 1
Witness: Bourassa

Line

No.

1

The Company does not prepare audited financial statements.

2

3

1. The Company follows the NARUC system of accounts.

4

2. The Company uses the accrual method of accounting.

5

3. The Company uses the depreciation lives and methods as approved in prior Commission order.

6

7

4. The Company follows the normalized method for accounting for income taxes and uses the allowed tax depreciation lives and methods for determining income taxes.

8

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18

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Projected Income Statements - Present & Proposed Rates

Exhibit
Schedule F-1
Page 1
Witness: Bourassa

<u>Line No.</u>		<u>Test Year Actual Results</u>	<u>At Present Rates Year Ended 12/31/02</u>	<u>At Proposed Rates Year Ended 12/31/02</u>
1	Revenues			
2	Metered Water Revenues	\$ 3,599,725	\$ 3,343,134	\$ 4,822,758
3	Unmetered Water Revenues	-	-	-
4	Other Water Revenues	37,640	37,640	37,640
5		<u>\$ 3,637,365</u>	<u>\$ 3,380,774</u>	<u>\$ 4,860,398</u>
6	Operating Expenses			
7	Salaries and Wages	\$ 392,024	\$ 455,889	\$ 455,889
8	Purchased Water	326,945	-	-
9	Purchased Power	585,363	585,941	585,941
10	Chemicals	20,907	20,407	20,407
11	Repairs and Maintenance	170,037	170,058	170,058
12	Office Supplies and Expense	33,099	190,041	190,041
13	Outside Services	73,914	32,432	32,432
14	Service Company Fees	-	515,886	515,886
15	Water Testing	-	6,069	6,069
16	Rents	51	14,134	14,134
17	Transportation Expenses	-	-	-
18	Insurance - General Liability	40,103	28,990	28,990
19	Insurance - health and Life	-	-	-
20	Regulatory Commission Expense - Rate Case	6,549	22,313	22,313
21	Miscellaneous Expense	426,100	148,620	148,620
22	Depreciation Expense	827,393	750,150	750,150
23	Taxes Other Than Income	4,764	28,072	28,072
24	Property Taxes	298,787	148,220	148,220
25	Income Tax	(116,038)	(97,736)	473,382
26				
27	Total Operating Expenses	<u>\$ 3,089,998</u>	<u>\$ 3,019,487</u>	<u>\$ 3,590,605</u>
28	Operating Income	<u>\$ 547,367</u>	<u>\$ 361,287</u>	<u>\$ 1,269,793</u>
29	Other Income (Expense)			
30	Interest Income	-	-	-
31	Other income	11,274	-	-
32	Interest Expense	(5,090,318)	(516,761)	(516,761)
33	Other Expense	(7,740)	-	-
34	Gain/Loss Sale of Fixed Assets	-	-	-
35	Total Other Income (Expense)	<u>\$ (5,086,784)</u>	<u>\$ (516,761)</u>	<u>\$ (516,761)</u>
36	Net Profit (Loss)	<u>\$ (4,539,417)</u>	<u>\$ (155,474)</u>	<u>\$ 753,032</u>
37				

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Projected Statements of Changes in Financial Position
Present and Proposed Rates

Exhibit
Schedule F-2
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/01	At Present Rates Year Ended 12/31/02	At Proposed Rates Year Ended 12/31/02
1				
2				
3				
4				
5	Cash Flows from Operating Activities			
6	Net Income	\$ (4,539,417)	\$ (155,474)	\$ 753,032
7	Adjustments to reconcile net income to net cash			
8	provided by operating activities:			
9	Depreciation and Amortization	827,393	750,150	750,150
10	Deferred Income Taxes	(92,658)		
11	Accumulated Deferred ITC	23,747		
12	Changes in Certain Assets and Liabilities:			
13	Accounts Receivable	(491,731)		
14	Materials & Supplies	-		
15	Prepaid Expenses	(68)		
16	Misc Current Assets and Deferred Expense	322,417		
17	Accounts Payable and Accrued Liabilities	(116,379)		
18	Accrued Taxes	(16,447)		
19	Net Cash Flow provided by Operating Activities	\$ (4,083,143)	\$ 594,676	\$ 1,503,182
20	Cash Flow From Investing Activities:			
21	Capital Expenditures	(605,596)	(576,012)	(576,012)
22	Plant Held for Future Use	-		
23	Non-Utility Property	-		
24	Net Cash Flows from Investing Activities	\$ (605,596)	\$ (576,012)	\$ (576,012)
25	Cash Flow From Financing Activities			
26	(Decrease) Increase in Net Amounts due to Parent and			
27	Affiliates	5,029,054		
28	Customer Deposits	(852)		
29	Changes in Advances for Construction	(159,995)		
30	Changes in Contributions for Construction	(179,468)		
31	Proceeds from Long-Term Debt Borrowing	-		
32	Repayments of Long-Term Debt	-	-	-
33	Dividends Paid	-	-	(564,774)
34	Deferred Financing Costs	-		
35	Net Cash Flows Provided by Financing Activities	\$ 4,688,739	\$ -	\$ (564,774)
36	Increase(decrease) in Cash and Cash Equivalents	\$ -	\$ 18,664	\$ 362,396
37	Cash and Cash Equivalents at Beginning of Year	-	-	-
38	Cash and Cash Equivalents at End of Year	\$ -	\$ 18,664	\$ 362,396
39				
40				
41	SUPPORTING SCHEDULES:			
42	E-3			
43	F-3			
44				
45				

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Projected Construction Requirements

Exhibit
Schedule F-3
Page 1
Witness: Bourassa

Line
No.

Line No.	Account Number	Plant Asset:	Thru			
			<u>12/31/02</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1						
2						
3						
4	301	Organization Cost				
5	302	Franchise Cost				
6	303	Land and Land Rights				
7	304	Structures and Improvements		54,000	96,000	
8	306	Lake, River and Other Intakes				
9	307	Wells and Springs	52,000	462,500	465,000	
10	310	Power Generation Equipment			20,000	
11	311	Electric Pumping Equipment	153,000	501,500	1,214,000	
12	320	Water Treatment Equipment		360,000	640,000	
13	330	Distribution Reservoirs & Standpipe	75,000	3,000	5,000	
14	331	Transmission and Distribution Mains	138,905	120,120	120,120	
15	333	Services	54,065	142,665	142,665	
16	334	Meters	67,252	93,390	125,390	
17	335	Hydrants	18,189	6,825	6,825	
18	339	Plant Structures and Improvements				
19	340	Office Furniture and Fixtures				
20	341	Transportation Equipment	17,600	150,000	156,000	
21	343	Tools and Work Equipment				
22	344	Power Operated Equipment				
23	345	Communications Equipment				
24	346	Miscellaneous Equipment				
25	348	Other Tangible Plant				
26						
27	Total		\$ 576,012	\$ 1,894,000	\$ 2,991,000	\$ -
28						
29						
30						

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Assumptions Used in Rate Filing

Exhibit
Schedule F-4
Page 1
Witness: Bourassa

Line
No.

- 1 Property Taxes were computed using the method used by the Arizona Department
- 2 of Revenue
- 3
- 4 Projected construction expenditures are shown on Schedule A-4.
- 5
- 6 Expense adjustments are shown on Schedule C2, and are explained in the testimony.
- 7
- 8 Accumulated depreciation and depreciation expense were computed at Arizona Corporation
- 9 Commission allowed rated in Prior Commission Decision.
- 10
- 11 Income taxes were computed using statutory state and federal income tax rates.
- 12
- 13
- 14
- 15

Arizona American - Sun City West Water

Revenue Summary
With Annualized Revenues to Year End Number of Customers
Test Year Ended December 31, 2001

Exhibit
Schedule H-1
Page 1
Witness: Kozoman

Line No.	Meter Size	Customer Classification	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8 Inch Residential		\$ 2,075,364	\$ 2,996,417	\$ 921,054	44.38%	61.76%	61.94%
2	3/4 Inch Residential		409	591	182	44.52%	0.01%	0.01%
3	1 Inch Residential		40,107	57,961	17,854	44.52%	1.19%	1.20%
4	1.5 Inch Residential		511,059	738,930	227,871	44.59%	15.21%	15.28%
5	2 Inch Residential		162,940	235,596	72,656	44.59%	4.85%	4.87%
6	3 Inch Residential		-	-	-	-	0.00%	0.00%
7	4 Inch Residential		117,032	169,278	52,246	44.64%	3.48%	3.50%
8	5/8 Inch Commercial		9,572	13,832	4,260	44.50%	0.28%	0.29%
9	3/4 Inch Commercial		-	-	-	-	0.00%	0.00%
10	1 Inch Commercial		34,155	49,373	15,218	44.56%	1.02%	1.02%
11	1.5 Inch Commercial		74,345	107,496	33,151	44.59%	2.21%	2.22%
12	2 Inch Commercial		208,910	302,106	93,196	44.61%	6.22%	6.25%
13	3 Inch Commercial		51,125	73,939	22,813	44.62%	1.52%	1.53%
14	4 Inch Commercial		11,618	16,804	5,186	44.63%	0.35%	0.35%
15	6 Inch Commercial		4,923	7,119	2,197	44.62%	0.15%	0.15%
16	4 Inch Fire Protection		4,140	5,986	1,846	44.60%	0.12%	0.12%
17	6 Inch Fire Protection		11,745	16,983	5,238	44.60%	0.35%	0.35%
18	8 Inch Fire Protection		5,040	7,288	2,248	44.60%	0.15%	0.15%
19	Miscellaneous Revenues		37,640	37,640	-	0.00%	1.12%	0.78%
20	Subtotal Water Revenues		\$ 3,360,124	\$ 4,837,339	\$ 1,477,215	43.96%	100.00%	100.00%

Revenue Annualization (a)					Additional	
Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Bills to be Issued	Gallons to be Pumped	(In 1,000's)
\$ 3,500	5,051	\$ 1,551	44.30%	291	2,217	
278	402	124	44.59%	3	220	
(901)	(1,303)	(402)	44.59%	(9)	(487)	
-	-	-	-	-	-	
(246)	(356)	(109)	44.34%	(24)	(136)	
(440)	(636)	(196)	44.54%	(10)	(290)	
1,014	1,466	452	44.58%	12	622	
5,600	8,098	2,498	44.60%	40	3,590	
(4,055)	(5,864)	(1,809)	44.61%	(17)	(2,581)	
-	-	-	-	-	-	
-	-	-	-	-	-	
540	781	241	44.60%	18		
135	195	60	44.60%	3		
-	-	-	-	-	-	
\$ 5,424	\$ 7,834	\$ 2,409	44.42%	307	3,153	
\$ 3,365,549	\$ 4,845,173	\$ 1,479,624	43.96%			

(a) Customer Growth Annualization is calculated by computing the change in the number of customers by month from the beginning of the year to the end of the year, and then multiplying the additional customers times the average revenue for that month.

Arizona American - Sun City West Water

Test Year Ended December 31, 2001

Analysis of Revenue by Detailed Class

Exhibit

Schedule H-2

Page 1

Witness: Kozoman

Line No.	Customer Classification and/or Meter Size	(a)		Revenues		Proposed Increase	
		Average Number of Customers at 12/31/01	Average Consumption	Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8 Inch Residential	14,463	7,171	\$ 11.67	\$ 16.84	5.17	44.31%
2	3/4 Inch Residential	1	27,333	34.09	49.27	15.18	44.52%
3	1 Inch Residential	115	15,429	28.76	41.55	12.79	44.49%
4	1.5 Inch Residential	460	59,042	92.61	133.90	41.29	44.59%
5	2 Inch Residential	134	55,342	101.46	146.70	45.24	44.59%
6	3 Inch Residential	-	-	-	-	-	0.00%
7	4 Inch Residential	1	8,617,167	9,752.71	14,106.51	4,353.80	44.64%
8	5/8 Inch Commercial	73	5,736	10.33	14.92	4.58	44.33%
9	3/4 Inch Commercial	-	-	-	-	-	0.00%
10	1 Inch Commercial	66	28,108	42.96	62.09	19.13	44.54%
11	1.5 Inch Commercial	69	56,383	89.63	129.59	39.96	44.59%
12	2 Inch Commercial	117	97,766	148.98	215.43	66.45	44.61%
13	3 Inch Commercial	15	185,076	275.76	398.80	123.04	44.62%
14	4 Inch Commercial	1	773,833	968.17	1,400.31	432.14	44.63%
15	6 Inch Commercial	1	241,750	410.24	593.29	183.05	44.62%
16	Construction						
17	4 Inch Fire Protection	12	-	8.00	11.94	3.94	49.25%
18	6 Inch Fire Protection	22	-	30.00	44.78	14.78	49.27%
19	8 Inch Fire Protection	7	-	45.00	67.18	22.18	49.29%
20	10 Inch Fire Protection			120.00	179.14	59.14	49.28%
21	Totals	15,555					
22							
23	Actual Year End Number of Customers:	15,581					
24							
25							
26							
27							

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Arizona American - Sun City West Water
Customer Count Summary
Test Year Ended December 31, 2001

Exhibit
Schedule H-2
Page 2
Witness: Kozoman

Size	Meter Classification	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01
5/8 Inch	Residential	14,472	14,460	14,504	14,508	14,482	14,449	14,408
3/4 Inch	Residential	1	1	1	1	1	1	1
1 Inch	Residential	115	114	115	115	115	115	115
1.5 Inch	Residential	459	460	460	460	460	460	459
2 Inch	Residential	134	134	134	134	134	134	134
3 Inch	Residential	-	-	-	-	-	-	-
4 Inch	Residential	1	1	1	1	1	1	1
5/8 Inch	Commercial	74	74	73	74	74	74	71
3/4 Inch	Commercial	-	-	-	-	-	-	-
1 Inch	Commercial	66	66	66	66	66	65	66
1.5 Inch	Commercial	69	69	68	68	68	69	68
2 Inch	Commercial	112	116	115	116	116	116	115
3 Inch	Commercial	17	17	17	14	15	16	16
4 Inch	Commercial	1	1	1	1	1	1	1
6 Inch	Commercial	1	1	1	1	1	1	1
4 Inch	Fire Protection	10	12	11	11	11	11	11
6 Inch	Fire Protection	20	22	21	21	21	21	21
8 Inch	Fire Protection	7	7	7	7	7	7	7
Totals		15,559	15,555	15,595	15,598	15,573	15,541	15,495

Size	Meter Classification	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Change from Beginning of Year to Year End	Revenues Annual- ized to Year End Customers
5/8 Inch	Residential	14,422	14,443	14,449	14,469	14,487	15	Yes
3/4 Inch	Residential	1	1	1	1	1	-	No
1 Inch	Residential	115	115	115	116	115	-	No
1.5 Inch	Residential	460	460	460	459	460	1	Yes
2 Inch	Residential	134	134	133	133	133	(1)	Yes
3 Inch	Residential	-	-	-	-	-	-	No
4 Inch	Residential	1	1	1	1	1	-	No
5/8 Inch	Commercial	74	73	72	72	71	(3)	Yes
3/4 Inch	Commercial	-	-	-	-	-	-	No
1 Inch	Commercial	69	65	65	65	65	(1)	Yes
1.5 Inch	Commercial	70	70	69	70	70	1	Yes
2 Inch	Commercial	118	117	119	120	120	8	Yes
3 Inch	Commercial	15	14	16	14	14	(3)	Yes
4 Inch	Commercial	1	1	1	1	1	-	No
6 Inch	Commercial	1	1	1	1	1	-	No
4 Inch	Fire Protection	11	11	11	15	13	3	Yes
6 Inch	Fire Protection	24	23	22	23	22	2	Yes
8 Inch	Fire Protection	7	7	7	7	7	-	No
Totals		15,523	15,536	15,542	15,567	15,581	22	

Arizona American - Sun City West Water
Gallons Sold Summary (In 1,000's)
Test Year Ended December 31, 2001

Exhibit
Schedule H-2
Page 3
Witness: Kozoman

Size	Meter Classification	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01
5/8 Inch	Residential	96,887	92,328	85,989	102,992	99,780	114,530	111,889
3/4 Inch	Residential	19	15	15	16	18	31	60
1 Inch	Residential	1,167	1,186	1,137	1,550	1,574	2,274	2,343
1.5 Inch	Residential	16,734	12,188	11,358	17,473	22,543	39,115	45,286
2 Inch	Residential	5,444	5,087	4,973	6,219	6,664	8,536	9,263
3 Inch	Residential	-	-	-	-	-	-	-
4 Inch	Residential	8,910	8,333	7,755	9,377	8,562	8,777	8,490
5/8 Inch	Commercial	408	443	449	467	367	391	419
3/4 Inch	Commercial	-	-	-	-	-	-	-
1 Inch	Commercial	1,508	1,243	1,214	1,443	1,358	2,056	2,451
1.5 Inch	Commercial	2,805	2,298	2,234	3,441	3,603	4,424	5,163
2 Inch	Commercial	8,061	7,322	6,605	9,063	9,465	13,034	15,164
3 Inch	Commercial	1,469	1,674	1,332	3,290	2,629	4,334	3,000
4 Inch	Commercial	637	174	1,071	737	682	980	970
6 Inch	Commercial	281	257	239	276	251	255	234
4 Inch	Fire Protection	-	-	-	-	-	-	-
6 Inch	Fire Protection	-	-	-	-	-	-	-
8 Inch	Fire Protection	-	-	-	-	-	-	-
Actual Gallons Sold		144,330	132,548	124,371	156,344	157,496	198,737	204,732

Size	Meter Classification	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year	Percent of Total Water Usage
5/8 Inch	Residential	106,021	115,133	104,202	114,740	99,999	1,244,490	60.97%
3/4 Inch	Residential	44	38	10	36	26	328	0.02%
1 Inch	Residential	2,583	2,163	1,620	2,392	1,303	21,292	1.04%
1.5 Inch	Residential	42,273	38,695	21,899	38,752	19,420	325,736	15.96%
2 Inch	Residential	9,560	9,559	7,275	8,965	7,279	88,824	4.35%
3 Inch	Residential	-	-	-	-	-	-	0.00%
4 Inch	Residential	7,782	8,934	7,277	8,959	10,250	103,406	5.07%
5/8 Inch	Commercial	416	440	305	471	449	5,025	0.25%
3/4 Inch	Commercial	-	-	-	-	-	-	0.00%
1 Inch	Commercial	2,601	2,612	1,748	2,335	1,636	22,205	1.09%
1.5 Inch	Commercial	5,127	5,443	4,070	4,621	3,456	46,685	2.29%
2 Inch	Commercial	14,162	15,414	10,894	14,832	12,856	136,872	6.71%
3 Inch	Commercial	3,646	3,744	3,652	3,196	2,273	34,239	1.68%
4 Inch	Commercial	974	932	738	757	634	9,286	0.45%
6 Inch	Commercial	193	237	194	234	250	2,901	0.14%
4 Inch	Fire Protection	-	-	-	-	-	-	0.00%
6 Inch	Fire Protection	-	-	-	-	-	-	0.00%
8 Inch	Fire Protection	-	-	-	-	-	-	0.00%
Total Water Actually S		195,382	203,344	163,884	200,290	159,831	2,041,289	100.00%

Arizona American - Sun City West Water

Year Ended December 31, 2001

Present and Proposed Rates

Exhibit

Schedule H-3

Page 1

Witness: Kozoman

Line No.	Customer Classification and Meter Size	Present Rates	Proposed Rates	Percent Change
1	Percentage Increase in Monthly Minimums			
2	Percentage Increase in Commodity Rates			
3				
4	Monthly Usage Charge for:			
5	<u>Residential, Commercial, Irrigation, Resale and Miscellaneous Customers</u>			
6	5/8 x 3/4 Inch	\$ 5.00	\$ 7.23	44.60%
7	3/4 Inch	5.00	7.23	44.60%
8	1 Inch (a)	13.00	18.80	44.62%
9	1 1/2 Inch (a)	28.00	40.49	44.61%
10	2 Inch (a)	41.00	59.29	44.61%
11	3 Inch	70.00	101.22	44.60%
12	4 Inch (a)	103.00	148.94	44.60%
13	6 Inch (a)	141.00	203.89	44.60%
14				
15	Construction / Tariff to be canceled, as it is no longer used	8.00		
16	General Fire Sprinkler Rate 4 "	30.00	43.38	44.60%
17	General Fire Sprinkler Rate 6 "	45.00	65.07	44.60%
18	General Fire Sprinkler Rate 8 "	60.00	86.76	44.60%
19	General Fire Sprinkler Rate 10 "	120.00	173.52	44.60%
20				
21				
22				
23				
24				
25	<u>Gallons In Minimum</u>			
26	All			
27				
28				
29				
30				
31	<u>Tier 1: Gallons upper limit</u>			
32	All, except construction	8,000	8,000	
33	Construction / Tariff to be canceled, as it is no longer used	999,999,999	999,999,999	
34				
35	(a) Rounded to nearest whole cent			

Arizona American - Sun City West Water
 Fiscal Year Ended December 31, 2001
 Present and Proposed Rates

Exhibit
 Schedule H-3
 Page 2
 Witness: Kozoman

Line No.	Customer Classification and Meter Size	Present Rates	Proposed Rates	Percent Change
1				
2				
3	<u>Tier 2: (Gallon upper limit, up to, but not exceeding)</u>			
4	All, except construction	999,999,999	999,999,999	
5	Construction / Tariff to be canceled, as it is no longer used	999,999,999	999,999,999	
6				
7				
8				
9				
10				
11				
12				
13				
14				
15	<u>Tier 3: (Gallon over)</u>			
16	All, except construction	999,999,999	999,999,999	
17	Construction / Tariff to be canceled, as it is no longer used	999,999,999	999,999,999	
18				
19				
20				
21				
22				
23				
24				
25				
26				
27	<u>Commodity Rates (per 1,000 gallons over minimum and per Tier)</u>			
28	All, except construction (a) Tier 1	\$ 0.93	\$ 1.34	44.09%
29	All, except construction (a) Tier 2	1.12	1.62	44.64%
30	All, except construction (a) Tier 3	1.12	1.62	44.64%
31	All, except construction (a) Tier 4			
32				
33				
34	Construction / Tariff to be canceled, as it is no longer used	0.60		
35				
36	Effluent Sales, per Acre Foot	150.00	\$ 216.90	44.60%
37				
38	Central Arizona Project - Raw Untreated Water - Per 1,000 Gallons	0.50	\$ 0.72	44.00%
39				
40	In Addition to above charges, Company shall collect Groundwater Saving Fee Per Commission Decision			
41	62293			
2	(a) Rounded to nearest whole cent			

Arizona American - Sun City West Water

Changes in Representative Rate Schedules

Test Year Ended December 31, 2001

Exhibit

Schedule H-3

Page 3

Witness: Kozoman

Line No.		Present Rates	Proposed Rates
1	Establishment	\$ 30.00	\$ 30.00
2	Establishment (After Hours)	\$ 40.00	\$ 40.00
3	Reconnection (Deliquent)		\$ -
4	Reconnection (After Hours)		\$ -
5	Meter Test	\$ 10.00	\$ 10.00
6	Deposit	**	**
7	Deposit Interest	**	**
8	Re-Establishment (With-in 12 Months)	***	***
9			
10	NSF Check	\$ 10.00	\$ 10.00
11	Deferred Payment, Per Month (b)		
12	Meter Re-Read	\$ 5.00	\$ 5.00
13	Charge of Moving Customer Meter -		
14	Customer Requested	Cost	Cost
15	Late Payment Charge	1.50%	1.50%
16	Damages to Meter Locks, Valves, Seals	Cost	Cost
17	Sprinklers See Schedule H-3, Page 1		
18			
19			
20	** PER COMMISSION RULES (R14-2-403.B)		
21	*** MONTHS OFF SYSTEM TIMES MINIMUM (R14-2-403.D)		
22	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
23	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
24	TAX. PER COMMISSION RULE (14-2-409.D 5)		
25	ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,		
26	AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES.		
27			
28			
29			
30		Present	Proposed
31	Meter Size	Charges	Charges
32	5/8 x 3/4 Inch	\$320	\$500
33	3 / 4 Inch	\$360	\$575
34	1 Inch	\$415	\$660
35	1 1/2 Inch	\$725	\$900
36	2 Inch	\$1,090	\$2,220
37	3 Inch	Cost	Cost
38	4 Inch	Cost	Cost
39	6 Inch	Cost	Cost
40	8 Inch	Cost	Cost
41			
42	As meters and service lines are now taxable income for income purposes, The Company		
43	shall collect income taxes on the meter and service line charges.		
44	Any tax collected will be refunded each year that the meter deposit is refunded.		
45			
46	Groundwater Withdrawal Fees shall be collected as an assessment, and is subject to annual		
47	revisions as required due to changes in rates charged by the Arizona Department of Water		
48	Resources ("ADWR"). Includes an allowance of 10% lost and unaccounted for water.		

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWRE 5/8 Inch

Exhibit

Schedule H-4

Page 1

Witness: Kozoman

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 5.00	\$ 7.23	\$ 2.23	44.60%
1,000	5.93	8.57	\$ 2.64	44.52%
2,000	6.86	9.91	\$ 3.05	44.46%
3,000	7.79	11.25	\$ 3.46	44.42%
4,000	8.72	12.59	\$ 3.87	44.38%
5,000	9.65	13.93	\$ 4.28	44.35%
6,000	10.58	15.27	\$ 4.69	44.33%
7,000	11.51	16.61	\$ 5.10	44.31%
8,000	12.44	17.95	\$ 5.51	44.29%
9,000	13.56	19.57	\$ 6.01	44.32%
10,000	14.68	21.19	\$ 6.51	44.35%
11,000	15.80	22.81	\$ 7.01	44.37%
12,000	16.92	24.43	\$ 7.51	44.39%
13,000	18.04	26.05	\$ 8.01	44.40%
14,000	19.16	27.67	\$ 8.51	44.42%
15,000	20.28	29.29	\$ 9.01	44.43%
16,000	21.40	30.91	\$ 9.51	44.44%
17,000	22.52	32.53	\$ 10.01	44.45%
18,000	23.64	34.15	\$ 10.51	44.46%
19,000	24.76	35.77	\$ 11.01	44.47%
20,000	25.88	37.39	\$ 11.51	44.47%
21,000	27.00	39.01	\$ 12.01	44.48%
22,000	28.12	40.63	\$ 12.51	44.49%
23,000	29.24	42.25	\$ 13.01	44.49%
24,000	30.36	43.87	\$ 13.51	44.50%
25,000	31.48	45.49	\$ 14.01	44.50%
26,000	32.60	47.11	\$ 14.51	44.51%
27,000	33.72	48.73	\$ 15.01	44.51%
28,000	34.84	50.35	\$ 15.51	44.52%
29,000	35.96	51.97	\$ 16.01	44.52%
30,000	37.08	53.59	\$ 16.51	44.53%
31,000	38.20	55.21	\$ 17.01	44.53%
32,000	39.32	56.83	\$ 17.51	44.53%
33,000	40.44	58.45	\$ 18.01	44.54%
34,000	41.56	60.07	\$ 18.51	44.54%
35,000	42.68	61.69	\$ 19.01	44.54%
36,000	43.80	63.31	\$ 19.51	44.54%
37,000	44.92	64.93	\$ 20.01	44.55%
38,000	46.04	66.55	\$ 20.51	44.55%
39,000	47.16	68.17	\$ 21.01	44.55%
Average Usage				
7,171	\$ 11.67	\$ 16.84	\$ 5.17	44.31%
Median Usage				
6,000	\$ 10.58	\$ 15.27	\$ 4.69	44.33%

Present Rates:

Monthly Minimum:	\$ 5.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12
	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 7.23
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.34
Up to 999,999,999	\$ 1.62
Over 1,000,000,000	\$ 1.62
	\$ 1.62

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 5.00	\$ 7.23	\$ 2.23	44.60%
1,000	5.93	8.57	\$ 2.64	44.52%
2,000	6.86	9.91	\$ 3.05	44.46%
3,000	7.79	11.25	\$ 3.46	44.42%
4,000	8.72	12.59	\$ 3.87	44.38%
5,000	9.65	13.93	\$ 4.28	44.35%
6,000	10.58	15.27	\$ 4.69	44.33%
7,000	11.51	16.61	\$ 5.10	44.31%
8,000	12.44	17.95	\$ 5.51	44.29%
9,000	13.56	19.57	\$ 6.01	44.32%
10,000	14.68	21.19	\$ 6.51	44.35%
11,000	15.80	22.81	\$ 7.01	44.37%
12,000	16.92	24.43	\$ 7.51	44.39%
13,000	18.04	26.05	\$ 8.01	44.40%
14,000	19.16	27.67	\$ 8.51	44.42%
15,000	20.28	29.29	\$ 9.01	44.43%
16,000	21.40	30.91	\$ 9.51	44.44%
17,000	22.52	32.53	\$ 10.01	44.45%
18,000	23.64	34.15	\$ 10.51	44.46%
19,000	24.76	35.77	\$ 11.01	44.47%
20,000	25.88	37.39	\$ 11.51	44.47%
21,000	27.00	39.01	\$ 12.01	44.48%
22,000	28.12	40.63	\$ 12.51	44.49%
23,000	29.24	42.25	\$ 13.01	44.49%
24,000	30.36	43.87	\$ 13.51	44.50%
25,000	31.48	45.49	\$ 14.01	44.50%
26,000	32.60	47.11	\$ 14.51	44.51%
27,000	33.72	48.73	\$ 15.01	44.51%
28,000	34.84	50.35	\$ 15.51	44.52%
29,000	35.96	51.97	\$ 16.01	44.52%
30,000	37.08	53.59	\$ 16.51	44.53%
31,000	38.20	55.21	\$ 17.01	44.53%
32,000	39.32	56.83	\$ 17.51	44.53%
33,000	40.44	58.45	\$ 18.01	44.54%
34,000	41.56	60.07	\$ 18.51	44.54%
35,000	42.68	61.69	\$ 19.01	44.54%
36,000	43.80	63.31	\$ 19.51	44.54%
37,000	44.92	64.93	\$ 20.01	44.55%
38,000	46.04	66.55	\$ 20.51	44.55%
39,000	47.16	68.17	\$ 21.01	44.55%
Average Usage				
27,333	\$ 34.09	\$ 49.27	\$ 15.18	44.52%
Median Usage				
19,000	\$ 24.76	\$ 35.77	\$ 11.01	44.47%

Present Rates:

Monthly Minimum:	\$ 5.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12
	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 7.23
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.34
Up to 999,999,999	\$ 1.62
Over 1,000,000,000	\$ 1.62
	\$ 1.62

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWRE 1 Inch

Exhibit

Schedule H-4

Page 3

Witness: Kozoman

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 13.00	\$ 18.80	\$ 5.80	44.62%
1,000	13.93	20.14	\$ 6.21	44.58%
2,000	14.86	21.48	\$ 6.62	44.55%
3,000	15.79	22.82	\$ 7.03	44.52%
4,000	16.72	24.16	\$ 7.44	44.50%
5,000	17.65	25.50	\$ 7.85	44.48%
6,000	18.58	26.84	\$ 8.26	44.46%
7,000	19.51	28.18	\$ 8.67	44.44%
8,000	20.44	29.52	\$ 9.08	44.42%
9,000	21.56	31.14	\$ 9.58	44.43%
10,000	22.68	32.76	\$ 10.08	44.44%
11,000	23.80	34.38	\$ 10.58	44.45%
12,000	24.92	36.00	\$ 11.08	44.46%
13,000	26.04	37.62	\$ 11.58	44.47%
14,000	27.16	39.24	\$ 12.08	44.48%
15,000	28.28	40.86	\$ 12.58	44.48%
16,000	29.40	42.48	\$ 13.08	44.49%
17,000	30.52	44.10	\$ 13.58	44.50%
18,000	31.64	45.72	\$ 14.08	44.50%
19,000	32.76	47.34	\$ 14.58	44.51%
20,000	33.88	48.96	\$ 15.08	44.51%
21,000	35.00	50.58	\$ 15.58	44.51%
22,000	36.12	52.20	\$ 16.08	44.52%
23,000	37.24	53.82	\$ 16.58	44.52%
24,000	38.36	55.44	\$ 17.08	44.53%
25,000	39.48	57.06	\$ 17.58	44.53%
26,000	40.60	58.68	\$ 18.08	44.53%
27,000	41.72	60.30	\$ 18.58	44.53%
28,000	42.84	61.92	\$ 19.08	44.54%
29,000	43.96	63.54	\$ 19.58	44.54%
30,000	45.08	65.16	\$ 20.08	44.54%
31,000	46.20	66.78	\$ 20.58	44.55%
32,000	47.32	68.40	\$ 21.08	44.55%
33,000	48.44	70.02	\$ 21.58	44.55%
34,000	49.56	71.64	\$ 22.08	44.55%
35,000	50.68	73.26	\$ 22.58	44.55%
36,000	51.80	74.88	\$ 23.08	44.56%
37,000	52.92	76.50	\$ 23.58	44.56%
38,000	54.04	78.12	\$ 24.08	44.56%
39,000	55.16	79.74	\$ 24.58	44.56%
40,000	56.28	81.36	\$ 25.08	44.56%
Average Usage				
15,429	\$ 28.76	\$ 41.55	\$ 12.79	44.49%
Median Usage				
9,000	\$ 21.56	\$ 31.14	\$ 9.58	44.43%

Present Rates:

Monthly Minimum:	\$ 13.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12
	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 18.80
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.34
Up to 999,999,999	\$ 1.62
Over 1,000,000,000	\$ 1.62
	\$ 1.62

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWRE 1.5 Inch

Exhibit

Schedule H-4

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Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 28.00	\$ 40.49	\$ 12.49	44.61%
1,000	28.93	41.83	\$ 12.90	44.59%
2,000	29.86	43.17	\$ 13.31	44.57%
3,000	30.79	44.51	\$ 13.72	44.56%
4,000	31.72	45.85	\$ 14.13	44.55%
5,000	32.65	47.19	\$ 14.54	44.53%
6,000	33.58	48.53	\$ 14.95	44.52%
7,000	34.51	49.87	\$ 15.36	44.51%
8,000	35.44	51.21	\$ 15.77	44.50%
9,000	36.56	52.83	\$ 16.27	44.50%
10,000	37.68	54.45	\$ 16.77	44.51%
11,000	38.80	56.07	\$ 17.27	44.51%
12,000	39.92	57.69	\$ 17.77	44.51%
13,000	41.04	59.31	\$ 18.27	44.52%
14,000	42.16	60.93	\$ 18.77	44.52%
15,000	43.28	62.55	\$ 19.27	44.52%
16,000	44.40	64.17	\$ 19.77	44.53%
17,000	45.52	65.79	\$ 20.27	44.53%
18,000	46.64	67.41	\$ 20.77	44.53%
48,000	80.24	116.01	\$ 35.77	44.58%
49,000	81.36	117.63	\$ 36.27	44.58%
50,000	82.48	119.25	\$ 36.77	44.58%
51,000	83.60	120.87	\$ 37.27	44.58%
52,000	84.72	122.49	\$ 37.77	44.58%
53,000	85.84	124.11	\$ 38.27	44.58%
54,000	86.96	125.73	\$ 38.77	44.58%
55,000	88.08	127.35	\$ 39.27	44.58%
56,000	89.20	128.97	\$ 39.77	44.59%
57,000	90.32	130.59	\$ 40.27	44.59%
58,000	91.44	132.21	\$ 40.77	44.59%
59,000	92.56	133.83	\$ 41.27	44.59%
60,000	93.68	135.45	\$ 41.77	44.59%
61,000	94.80	137.07	\$ 42.27	44.59%
62,000	95.92	138.69	\$ 42.77	44.59%
63,000	97.04	140.31	\$ 43.27	44.59%
64,000	98.16	141.93	\$ 43.77	44.59%
65,000	99.28	143.55	\$ 44.27	44.59%
66,000	100.40	145.17	\$ 44.77	44.59%
67,000	101.52	146.79	\$ 45.27	44.59%
68,000	102.64	148.41	\$ 45.77	44.59%
69,000	103.76	150.03	\$ 46.27	44.59%
70,000	104.88	151.65	\$ 46.77	44.59%
Average Usage				
59,042	\$ 92.61	\$ 133.90	\$ 41.29	44.59%
Median Usage				
47,000	\$ 79.12	\$ 114.39	\$ 35.27	44.58%

Present Rates:

Monthly Minimum:	\$ 28.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12
	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 40.49
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.34
Up to 999,999,999	\$ 1.62
Over 1,000,000,000	\$ 1.62
	\$ 1.62

<u>Usage</u>	<u>Present</u>	<u>Proposed</u>	<u>Dollar</u>	<u>Percent</u>
	<u>Bill</u>	<u>Bill</u>	<u>Increase</u>	<u>Increase</u>
-	\$ 41.00	\$ 59.29	\$ 18.29	44.61%
1,000	41.93	60.63	\$ 18.70	44.60%
2,000	42.86	61.97	\$ 19.11	44.59%
3,000	43.79	63.31	\$ 19.52	44.58%
4,000	44.72	64.65	\$ 19.93	44.57%
5,000	45.65	65.99	\$ 20.34	44.56%
6,000	46.58	67.33	\$ 20.75	44.55%
7,000	47.51	68.67	\$ 21.16	44.54%
8,000	48.44	70.01	\$ 21.57	44.53%
9,000	49.56	71.63	\$ 22.07	44.53%
10,000	50.68	73.25	\$ 22.57	44.53%
11,000	51.80	74.87	\$ 23.07	44.54%
12,000	52.92	76.49	\$ 23.57	44.54%
13,000	54.04	78.11	\$ 24.07	44.54%
14,000	55.16	79.73	\$ 24.57	44.54%
15,000	56.28	81.35	\$ 25.07	44.55%
16,000	57.40	82.97	\$ 25.57	44.55%
17,000	58.52	84.59	\$ 26.07	44.55%
18,000	59.64	86.21	\$ 26.57	44.55%
19,000	60.76	87.83	\$ 27.07	44.55%
20,000	61.88	89.45	\$ 27.57	44.55%
50,000	95.48	138.05	\$ 42.57	44.59%
51,000	96.60	139.67	\$ 43.07	44.59%
52,000	97.72	141.29	\$ 43.57	44.59%
53,000	98.84	142.91	\$ 44.07	44.59%
54,000	99.96	144.53	\$ 44.57	44.59%
55,000	101.08	146.15	\$ 45.07	44.59%
56,000	102.20	147.77	\$ 45.57	44.59%
57,000	103.32	149.39	\$ 46.07	44.59%
58,000	104.44	151.01	\$ 46.57	44.59%
59,000	105.56	152.63	\$ 47.07	44.59%
60,000	106.68	154.25	\$ 47.57	44.59%
61,000	107.80	155.87	\$ 48.07	44.59%
62,000	108.92	157.49	\$ 48.57	44.59%
63,000	110.04	159.11	\$ 49.07	44.59%
Average Usage				
55,342	\$ 101.46	\$ 146.70	\$ 45.24	44.59%
Median Usage				
49,000	\$ 94.36	\$ 136.43	\$ 42.07	44.58%

Present Rates:

Monthly Minimum:	\$ 41.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12
	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 59.29
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.34
Up to 999,999,999	\$ 1.62
Over 1,000,000,000	\$ 1.62
	\$ 1.62

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 103.00	\$ 148.94	\$ 45.94	44.60%
1,000	103.93	150.28	46.35	44.60%
2,000	104.86	151.62	46.76	44.59%
3,000	105.79	152.96	47.17	44.59%
4,000	106.72	154.30	47.58	44.58%
5,000	107.65	155.64	47.99	44.58%
6,000	108.58	156.98	48.40	44.58%
7,000	109.51	158.32	48.81	44.57%
8,000	110.44	159.66	49.22	44.57%
9,000	111.56	161.28	49.72	44.57%
10,000	112.68	162.90	50.22	44.57%
11,000	113.80	164.52	50.72	44.57%
12,000	114.92	166.14	51.22	44.57%
13,000	116.04	167.76	51.72	44.57%
14,000	117.16	169.38	52.22	44.57%
15,000	118.28	171.00	52.72	44.57%
16,000	119.40	172.62	53.22	44.57%
17,000	120.52	174.24	53.72	44.57%
18,000	121.64	175.86	54.22	44.57%
19,000	122.76	177.48	54.72	44.57%
20,000	123.88	179.10	55.22	44.58%
7,277,000	8,251.72	11,935.44	3,683.72	44.64%
7,755,000	8,787.08	12,709.80	3,922.72	44.64%
7,782,000	8,817.32	12,753.54	3,936.22	44.64%
8,333,000	9,434.44	13,646.16	4,211.72	44.64%
8,490,000	9,610.28	13,900.50	4,290.22	44.64%
8,562,000	9,690.92	14,017.14	4,326.22	44.64%
8,777,000	9,931.72	14,365.44	4,433.72	44.64%
8,910,000	10,080.68	14,580.90	4,500.22	44.64%
8,934,000	10,107.56	14,619.78	4,512.22	44.64%
8,959,000	10,135.56	14,660.28	4,524.72	44.64%
9,377,000	10,603.72	15,337.44	4,733.72	44.64%
10,250,000	11,581.48	16,751.70	5,170.22	44.64%
Average Usage				
8,617,167	9,752.71	14,106.51	4,353.80	44.64%
Median Usage				
8,562,000	9,690.92	14,017.14	4,326.22	44.64%

Present Rates:

Monthly Minimum:	\$ 103.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 148.94
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.34
Up to 999,999,999	\$ 1.62
Over 1,000,000,000	\$ 1.62

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWCL 58 Inch

Exhibit

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Witness: Kozoman

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 5.00	\$ 7.23	\$ 2.23	44.60%
1,000	5.93	8.57	\$ 2.64	44.52%
2,000	6.86	9.91	\$ 3.05	44.46%
3,000	7.79	11.25	\$ 3.46	44.42%
4,000	8.72	12.59	\$ 3.87	44.38%
5,000	9.65	13.93	\$ 4.28	44.35%
6,000	10.58	15.27	\$ 4.69	44.33%
7,000	11.51	16.61	\$ 5.10	44.31%
8,000	12.44	17.95	\$ 5.51	44.29%
9,000	13.56	19.57	\$ 6.01	44.32%
10,000	14.68	21.19	\$ 6.51	44.35%
11,000	15.80	22.81	\$ 7.01	44.37%
12,000	16.92	24.43	\$ 7.51	44.39%
13,000	18.04	26.05	\$ 8.01	44.40%
14,000	19.16	27.67	\$ 8.51	44.42%
15,000	20.28	29.29	\$ 9.01	44.43%
16,000	21.40	30.91	\$ 9.51	44.44%
17,000	22.52	32.53	\$ 10.01	44.45%
18,000	23.64	34.15	\$ 10.51	44.46%
19,000	24.76	35.77	\$ 11.01	44.47%
20,000	25.88	37.39	\$ 11.51	44.47%
21,000	27.00	39.01	\$ 12.01	44.48%
22,000	28.12	40.63	\$ 12.51	44.49%
23,000	29.24	42.25	\$ 13.01	44.49%
24,000	30.36	43.87	\$ 13.51	44.50%
25,000	31.48	45.49	\$ 14.01	44.50%
26,000	32.60	47.11	\$ 14.51	44.51%
27,000	33.72	48.73	\$ 15.01	44.51%
28,000	34.84	50.35	\$ 15.51	44.52%
29,000	35.96	51.97	\$ 16.01	44.52%
30,000	37.08	53.59	\$ 16.51	44.53%
31,000	38.20	55.21	\$ 17.01	44.53%
32,000	39.32	56.83	\$ 17.51	44.53%
33,000	40.44	58.45	\$ 18.01	44.54%
34,000	41.56	60.07	\$ 18.51	44.54%
35,000	42.68	61.69	\$ 19.01	44.54%
36,000	43.80	63.31	\$ 19.51	44.54%
37,000	44.92	64.93	\$ 20.01	44.55%
38,000	46.04	66.55	\$ 20.51	44.55%
39,000	47.16	68.17	\$ 21.01	44.55%
40,000	48.28	69.79	\$ 21.51	44.55%
Average Usage				
5,736	\$ 10.33	\$ 14.92	\$ 4.58	44.33%
Median Usage				
-	\$ 5.00	\$ 7.23	\$ 2.23	44.60%

Present Rates:

Monthly Minimum:	\$ 5.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 7.23
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.34
Up to 999,999,999	\$ 1.62
Over 1,000,000,000	\$ 1.62

<u>Usage</u>	<u>Present</u>	<u>Proposed</u>	<u>Dollar</u>	<u>Percent</u>
	<u>Bill</u>	<u>Bill</u>	<u>Increase</u>	<u>Increase</u>
-	\$ 13.00	\$ 18.80	\$ 5.80	44.62%
1,000	13.93	20.14	\$ 6.21	44.58%
2,000	14.86	21.48	\$ 6.62	44.55%
3,000	15.79	22.82	\$ 7.03	44.52%
4,000	16.72	24.16	\$ 7.44	44.50%
5,000	17.65	25.50	\$ 7.85	44.48%
6,000	18.58	26.84	\$ 8.26	44.46%
7,000	19.51	28.18	\$ 8.67	44.44%
8,000	20.44	29.52	\$ 9.08	44.42%
9,000	21.56	31.14	\$ 9.58	44.43%
10,000	22.68	32.76	\$ 10.08	44.44%
11,000	23.80	34.38	\$ 10.58	44.45%
12,000	24.92	36.00	\$ 11.08	44.46%
13,000	26.04	37.62	\$ 11.58	44.47%
14,000	27.16	39.24	\$ 12.08	44.48%
15,000	28.28	40.86	\$ 12.58	44.48%
16,000	29.40	42.48	\$ 13.08	44.49%
17,000	30.52	44.10	\$ 13.58	44.50%
18,000	31.64	45.72	\$ 14.08	44.50%
19,000	32.76	47.34	\$ 14.58	44.51%
20,000	33.88	48.96	\$ 15.08	44.51%
21,000	35.00	50.58	\$ 15.58	44.51%
22,000	36.12	52.20	\$ 16.08	44.52%
23,000	37.24	53.82	\$ 16.58	44.52%
24,000	38.36	55.44	\$ 17.08	44.53%
25,000	39.48	57.06	\$ 17.58	44.53%
26,000	40.60	58.68	\$ 18.08	44.53%
27,000	41.72	60.30	\$ 18.58	44.53%
28,000	42.84	61.92	\$ 19.08	44.54%
29,000	43.96	63.54	\$ 19.58	44.54%
30,000	45.08	65.16	\$ 20.08	44.54%
31,000	46.20	66.78	\$ 20.58	44.55%
32,000	47.32	68.40	\$ 21.08	44.55%
33,000	48.44	70.02	\$ 21.58	44.55%
34,000	49.56	71.64	\$ 22.08	44.55%
Average Usage				
28,108	\$ 42.96	\$ 62.09	\$ 19.13	44.54%
Median Usage				
15,000	\$ 28.28	\$ 40.86	\$ 12.58	44.48%

Present Rates:

Monthly Minimum:	\$ 13.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 18.80
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.34
Up to 999,999,999	\$ 1.62
Over 1,000,000,000	\$ 1.62

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWCL 1.5 Inch

Exhibit

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Witness: Kozoman

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 28.00	\$ 40.49	\$ 12.49	44.61%
1,000	28.93	41.83	12.90	44.59%
2,000	29.86	43.17	13.31	44.57%
3,000	30.79	44.51	13.72	44.56%
4,000	31.72	45.85	14.13	44.55%
5,000	32.65	47.19	14.54	44.53%
6,000	33.58	48.53	14.95	44.52%
7,000	34.51	49.87	15.36	44.51%
8,000	35.44	51.21	15.77	44.50%
9,000	36.56	52.83	16.27	44.50%
10,000	37.68	54.45	16.77	44.51%
11,000	38.80	56.07	17.27	44.51%
12,000	39.92	57.69	17.77	44.51%
13,000	41.04	59.31	18.27	44.52%
14,000	42.16	60.93	18.77	44.52%
15,000	43.28	62.55	19.27	44.52%
16,000	44.40	64.17	19.77	44.53%
17,000	45.52	65.79	20.27	44.53%
18,000	46.64	67.41	20.77	44.53%
19,000	47.76	69.03	21.27	44.54%
20,000	48.88	70.65	21.77	44.54%
21,000	50.00	72.27	22.27	44.54%
22,000	51.12	73.89	22.77	44.54%
23,000	52.24	75.51	23.27	44.54%
24,000	53.36	77.13	23.77	44.55%
25,000	54.48	78.75	24.27	44.55%
26,000	55.60	80.37	24.77	44.55%
27,000	56.72	81.99	25.27	44.55%
28,000	57.84	83.61	25.77	44.55%
29,000	58.96	85.23	26.27	44.56%
30,000	60.08	86.85	26.77	44.56%
50,000	82.48	119.25	36.77	44.58%
51,000	83.60	120.87	37.27	44.58%
52,000	84.72	122.49	37.77	44.58%
53,000	85.84	124.11	38.27	44.58%
54,000	86.96	125.73	38.77	44.58%
55,000	88.08	127.35	39.27	44.58%
56,000	89.20	128.97	39.77	44.59%
57,000	90.32	130.59	40.27	44.59%
58,000	91.44	132.21	40.77	44.59%
59,000	92.56	133.83	41.27	44.59%
60,000	93.68	135.45	41.77	44.59%
61,000	94.80	137.07	42.27	44.59%
Average Usage 56,383	89.63	129.59	39.96	44.59%
Median Usage 21,000	50.00	72.27	22.27	44.54%

Present Rates:

Monthly Minimum:	\$ 28.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 40.49
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.34
Up to 999,999,999	\$ 1.62
Over 1,000,000,000	\$ 1.62

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWCL 2 Inch

Exhibit

Schedule H-4

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Witness: Kozoman

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 41.00	\$ 59.29	\$ 18.29	44.61%
1,000	41.93	60.63	18.70	44.60%
2,000	42.86	61.97	19.11	44.59%
3,000	43.79	63.31	19.52	44.58%
4,000	44.72	64.65	19.93	44.57%
5,000	45.65	65.99	20.34	44.56%
6,000	46.58	67.33	20.75	44.55%
7,000	47.51	68.67	21.16	44.54%
8,000	48.44	70.01	21.57	44.53%
9,000	49.56	71.63	22.07	44.53%
10,000	50.68	73.25	22.57	44.53%
11,000	51.80	74.87	23.07	44.54%
12,000	52.92	76.49	23.57	44.54%
13,000	54.04	78.11	24.07	44.54%
14,000	55.16	79.73	24.57	44.54%
15,000	56.28	81.35	25.07	44.55%
16,000	57.40	82.97	25.57	44.55%
17,000	58.52	84.59	26.07	44.55%
18,000	59.64	86.21	26.57	44.55%
19,000	60.76	87.83	27.07	44.55%
20,000	61.88	89.45	27.57	44.55%
21,000	63.00	91.07	28.07	44.56%
22,000	64.12	92.69	28.57	44.56%
23,000	65.24	94.31	29.07	44.56%
24,000	66.36	95.93	29.57	44.56%
25,000	67.48	97.55	30.07	44.56%
26,000	68.60	99.17	30.57	44.56%
27,000	69.72	100.79	31.07	44.56%
28,000	70.84	102.41	31.57	44.57%
29,000	71.96	104.03	32.07	44.57%
30,000	73.08	105.65	32.57	44.57%
50,000	95.48	138.05	42.57	44.59%
51,000	96.60	139.67	43.07	44.59%
52,000	97.72	141.29	43.57	44.59%
53,000	98.84	142.91	44.07	44.59%
54,000	99.96	144.53	44.57	44.59%
55,000	101.08	146.15	45.07	44.59%
56,000	102.20	147.77	45.57	44.59%
57,000	103.32	149.39	46.07	44.59%
58,000	104.44	151.01	46.57	44.59%
Average Usage				
97,766	148.98	215.43	66.45	44.61%
Median Usage				
33,000	76.44	110.51	34.07	44.57%

Present Rates:

Monthly Minimum:	\$ 41.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 59.29
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.34
Up to 999,999,999	\$ 1.62
Over 1,000,000,000	\$ 1.62

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 70.00	\$ 101.22	\$ 31.22	44.60%
1,000	70.93	102.56	31.63	44.59%
2,000	71.86	103.90	32.04	44.59%
3,000	72.79	105.24	32.45	44.58%
4,000	73.72	106.58	32.86	44.57%
5,000	74.65	107.92	33.27	44.57%
6,000	75.58	109.26	33.68	44.56%
7,000	76.51	110.60	34.09	44.56%
8,000	77.44	111.94	34.50	44.55%
9,000	78.56	113.56	35.00	44.55%
10,000	79.68	115.18	35.50	44.55%
11,000	80.80	116.80	36.00	44.55%
12,000	81.92	118.42	36.50	44.56%
13,000	83.04	120.04	37.00	44.56%
14,000	84.16	121.66	37.50	44.56%
15,000	85.28	123.28	38.00	44.56%
16,000	86.40	124.90	38.50	44.56%
17,000	87.52	126.52	39.00	44.56%
18,000	88.64	128.14	39.50	44.56%
131,000	215.20	311.20	96.00	44.61%
135,000	219.68	317.68	98.00	44.61%
138,000	223.04	322.54	99.50	44.61%
144,000	229.76	332.26	102.50	44.61%
147,000	233.12	337.12	104.00	44.61%
153,000	239.84	346.84	107.00	44.61%
160,000	247.68	358.18	110.50	44.61%
166,000	254.40	367.90	113.50	44.61%
175,000	264.48	382.48	118.00	44.62%
183,000	273.44	395.44	122.00	44.62%
211,000	304.80	440.80	136.00	44.62%
244,000	341.76	494.26	152.50	44.62%
269,000	369.76	534.76	165.00	44.62%
285,000	387.68	560.68	173.00	44.62%
299,000	403.36	583.36	180.00	44.63%
306,000	411.20	594.70	183.50	44.63%
309,000	414.56	599.56	185.00	44.63%
Average Usage				
185,076	275.76	398.80	123.04	44.62%
Median Usage				
11,000	80.80	116.80	36.00	44.55%

Present Rates:

Monthly Minimum:	\$ 70.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 101.22
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.34
Up to 999,999,999	\$ 1.62
Over 1,000,000,000	\$ 1.62

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWCL 4 Inch

Exhibit

Schedule H-4

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Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 103.00	\$ 148.94	\$ 45.94	44.60%
1,000	103.93	150.28	46.35	44.60%
2,000	104.86	151.62	46.76	44.59%
3,000	105.79	152.96	47.17	44.59%
4,000	106.72	154.30	47.58	44.58%
5,000	107.65	155.64	47.99	44.58%
6,000	108.58	156.98	48.40	44.58%
7,000	109.51	158.32	48.81	44.57%
8,000	110.44	159.66	49.22	44.57%
9,000	111.56	161.28	49.72	44.57%
10,000	112.68	162.90	50.22	44.57%
11,000	113.80	164.52	50.72	44.57%
12,000	114.92	166.14	51.22	44.57%
13,000	116.04	167.76	51.72	44.57%
14,000	117.16	169.38	52.22	44.57%
15,000	118.28	171.00	52.72	44.57%
16,000	119.40	172.62	53.22	44.57%
17,000	120.52	174.24	53.72	44.57%
18,000	121.64	175.86	54.22	44.57%
174,000	296.36	428.58	132.22	44.61%
634,000	811.56	1,173.78	362.22	44.63%
637,000	814.92	1,178.64	363.72	44.63%
682,000	865.32	1,251.54	386.22	44.63%
737,000	926.92	1,340.64	413.72	44.63%
738,000	928.04	1,342.26	414.22	44.63%
757,000	949.32	1,373.04	423.72	44.63%
932,000	1,145.32	1,656.54	511.22	44.64%
970,000	1,187.88	1,718.10	530.22	44.64%
974,000	1,192.36	1,724.58	532.22	44.64%
980,000	1,199.08	1,734.30	535.22	44.64%
1,071,000	1,301.00	1,881.72	580.72	44.64%
Average Usage				
773,833	968.17	1,400.31	432.14	44.63%
Median Usage				
738,000	928.04	1,342.26	414.22	44.63%

Present Rates:

Monthly Minimum:	\$ 103.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 148.94
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.34
Up to 999,999,999	\$ 1.62
Over 1,000,000,000	\$ 1.62

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWCL 6 Inch

Exhibit

Schedule H-4

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Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 141.00	\$ 203.89	\$ 62.89	44.60%
1,000	141.93	205.23	\$ 63.30	44.60%
2,000	142.86	206.57	\$ 63.71	44.60%
3,000	143.79	207.91	\$ 64.12	44.59%
4,000	144.72	209.25	\$ 64.53	44.59%
5,000	145.65	210.59	\$ 64.94	44.59%
6,000	146.58	211.93	\$ 65.35	44.58%
7,000	147.51	213.27	\$ 65.76	44.58%
8,000	148.44	214.61	\$ 66.17	44.58%
9,000	149.56	216.23	\$ 66.67	44.58%
10,000	150.68	217.85	\$ 67.17	44.58%
11,000	151.80	219.47	\$ 67.67	44.58%
12,000	152.92	221.09	\$ 68.17	44.58%
13,000	154.04	222.71	\$ 68.67	44.58%
14,000	155.16	224.33	\$ 69.17	44.58%
15,000	156.28	225.95	\$ 69.67	44.58%
16,000	157.40	227.57	\$ 70.17	44.58%
17,000	158.52	229.19	\$ 70.67	44.58%
18,000	159.64	230.81	\$ 71.17	44.58%
193,000	355.64	514.31	\$ 158.67	44.62%
194,000	356.76	515.93	\$ 159.17	44.62%
234,000	401.56	580.73	\$ 179.17	44.62%
237,000	404.92	585.59	\$ 180.67	44.62%
239,000	407.16	588.83	\$ 181.67	44.62%
250,000	419.48	606.65	\$ 187.17	44.62%
251,000	420.60	608.27	\$ 187.67	44.62%
255,000	425.08	614.75	\$ 189.67	44.62%
257,000	427.32	617.99	\$ 190.67	44.62%
276,000	448.60	648.77	\$ 200.17	44.62%
281,000	454.20	656.87	\$ 202.67	44.62%
Average Usage				
241,750	\$ 410.24	\$ 593.29	\$ 183.05	44.62%
Median Usage				
239,000	\$ 407.16	\$ 588.83	\$ 181.67	44.62%

Present Rates:

Monthly Minimum:

Gallons in Minimum

Charge Per 1,000 Gallons

Up to 8,000

Up to 999,999,999

Over 1,000,000,000

Proposed Rates:

Monthly Minimum:

Gallons in Minimum

Charge Per 1,000 Gallons

Up to 8,000

Up to 999,999,999

Over 1,000,000,000

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WFLA 4

Exhibit

Schedule H-4

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Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 30.00	\$ 43.38	\$ 13.38	44.60%

Present Rates:

Monthly Minimum: \$ 30.00

Gallons in Minimum -

Charge Per 1,000 Gallons

Up to

Up to

Over

Proposed Rates:

Monthly Minimum: \$ 43.38

Gallons in Minimum -

Charge Per 1,000 Gallons

Up to

Up to

Over

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WFLA 6

Exhibit

Schedule H-4

Page 15

Witness: Kozoman

<u>Usage</u>		<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$	45.00	\$ 65.07	\$ 20.07	44.60%

Present Rates:

Monthly Minimum: \$ 45.00

Gallons in Minimum -

Charge Per 1,000 Gallons

Up to

Up to

Over

Proposed Rates:

Monthly Minimum: \$ 65.07

Gallons in Minimum -

Charge Per 1,000 Gallons

Up to

Up to

Over

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WFLA 8

Exhibit

Schedule H-4

Page 16

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 60.00	\$ 86.76	\$ 26.76	44.60%

Present Rates:

Monthly Minimum: \$ 60.00

Gallons in Minimum -

Charge Per 1,000 Gallons

Up to

Up to

Over

Proposed Rates:

Monthly Minimum: \$ 86.76

Gallons in Minimum -

Charge Per 1,000 Gallons

Up to

Up to

Over

Step-One Rate Increase

Arizona American - Sun City West Water

Revenue Summary

With Annualized Revenues to Year End Number of Customers

Test Year Ended December 31, 2001

Step-One Rate Increase

Exhibit

Schedule H-1

Page 1

Witness: Kozoman

Line No.	Meter Size	Customer Classification	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8 Inch	Residential	\$ 2,075,364	\$ 2,904,077	\$ 828,714	39.93%	61.76%	61.93%
2	3/4 Inch	Residential	409	573	164	40.07%	0.01%	0.01%
3	1 Inch	Residential	40,107	56,157	16,050	40.02%	1.19%	1.20%
4	1.5 Inch	Residential	511,059	715,960	204,901	40.09%	15.21%	15.27%
5	2 Inch	Residential	162,940	228,245	65,304	40.08%	4.85%	4.87%
6	3 Inch	Residential	-	-	-	-	0.00%	0.00%
7	4 Inch	Residential	117,032	164,052	47,019	40.18%	3.48%	3.50%
8	5/8 Inch	Commercial	9,572	13,402	3,830	40.01%	0.28%	0.29%
9	3/4 Inch	Commercial	-	-	-	-	0.00%	0.00%
10	1 Inch	Commercial	34,155	47,840	13,686	40.07%	1.02%	1.02%
11	1.5 Inch	Commercial	74,345	104,153	29,808	40.09%	2.21%	2.22%
12	2 Inch	Commercial	208,910	292,711	83,800	40.11%	6.22%	6.24%
13	3 Inch	Commercial	51,125	71,640	20,515	40.13%	1.52%	1.53%
14	4 Inch	Commercial	11,618	16,284	4,665	40.16%	0.35%	0.35%
15	6 Inch	Commercial	4,923	6,897	1,975	40.11%	0.15%	0.15%
16	4 Inch	Fire Protection	4,140	5,796	1,656	40.00%	0.12%	0.12%
17	6 Inch	Fire Protection	11,745	16,443	4,698	40.00%	0.35%	0.35%
18	8 Inch	Fire Protection	5,040	7,056	2,016	40.00%	0.15%	0.15%
19	Miscellaneous	Revenues	37,640	37,640	-	0.00%	1.12%	0.80%
20	Subtotal of Water Revenues		\$ 3,360,124	\$ 4,688,925	\$ 1,328,801	39.55%	98.88%	99.20%

Additional

		Revenue Annualization (a)				Bills to be Issued		Gallons to be Pumped	
		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Issued		(In 1,000's)	
22		\$ 3,500	4,896	\$ 1,396	39.87%	291		2,217	
23		-	-	-	-	-		-	
24		-	-	-	-	-		-	
25	5/8 Inch Residential	278	390	111	40.09%	3		220	
26	3/4 Inch Residential	(901)	(1,262)	(361)	40.08%	(9)		(487)	
27	1.5 Inch Residential	-	-	-	-	-		-	
28	2 Inch Residential	-	-	-	-	-		-	
29	3 Inch Residential	-	-	-	-	-		-	
30	4 Inch Residential	(246)	(345)	(98)	39.89%	(24)		(136)	
31	5/8 Inch Commercial	(440)	(616)	(176)	40.06%	(10)		(290)	
32	3/4 Inch Commercial	1,014	1,421	407	40.08%	12		622	
33	1 Inch Commercial	5,600	7,846	2,246	40.11%	40		3,590	
34	1.5 Inch Commercial	(4,055)	(5,682)	(1,627)	40.11%	(17)		(2,581)	
35	2 Inch Commercial	-	-	-	-	-		-	
36	3 Inch Commercial	-	-	-	-	-		-	
37	4 Inch Commercial	-	-	-	-	-		-	
38	6 Inch Commercial	-	-	-	-	-		-	
39	4 Inch Fire Protection	540	756	216	40.00%	18		-	
40	6 Inch Fire Protection	135	189	54	40.00%	3		-	
41	8 Inch Fire Protection	-	-	-	-	-		-	
42	Total Revenue Annualization	\$ 5,424	\$ 7,591	\$ 2,167	39.95%	307		3,153	
43	Total Revenues	\$ 3,365,549	\$ 4,696,517	\$ 1,330,968	39.55%	-		-	

(a) Customer Growth Annualization is calculated by computing the change in the number of customers by month from the beginning of the year to the end of the year, and then multiplying the additional customers times the average revenue for that month.

Arizona American - Sun City West Water

Test Year Ended December 31, 2001

Analysis of Revenue by Detailed Class

Step-One Rate Increase

Exhibit
Schedule H-2
Page 1
Witness: Kozoman

Line No.	Customer Classification and/or Meter Size	Average Number of Customers at 12/31/01	Average Consumption	Revenues		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8 Inch Residential	14,463	7,171	\$ 11.67	\$ 16.32	4.65	39.88%
2	3/4 Inch Residential	1	27,333	34.09	47.75	13.66	40.07%
3	1 Inch Residential	115	15,429	28.76	40.26	11.50	40.00%
4	1.5 Inch Residential	460	59,042	92.61	129.74	37.13	40.09%
5	2 Inch Residential	134	55,342	101.46	142.13	40.66	40.08%
6	3 Inch Residential						
7	4 Inch Residential	1	8,617,167	9,752.71	13,670.99	3,918.29	40.18%
8	5/8 Inch Commercial	73	5,736	10.33	14.46	4.12	39.89%
9	3/4 Inch Commercial						
10	1 Inch Commercial	66	28,108	42.96	60.17	17.21	40.06%
11	1.5 Inch Commercial	69	56,383	89.63	125.56	35.93	40.09%
12	2 Inch Commercial	117	97,766	148.98	208.73	59.75	40.11%
13	3 Inch Commercial	15	185,076	275.76	386.41	110.64	40.12%
14	4 Inch Commercial	1	773,833	968.17	1,356.96	388.79	40.16%
15	6 Inch Commercial	1	241,750	410.24	574.79	164.55	40.11%
16	Construction						
17	4 Inch Fire Protection	12	-	8.00	11.20	3.20	40.00%
18	6 Inch Fire Protection	22	-	30.00	42.00	12.00	40.00%
19	8 Inch Fire Protection	7	-	45.00	63.00	18.00	40.00%
20	10 Inch Fire Protection			120.00	168.00	48.00	40.00%
21	Totals	15,555					

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Arizona American - Sun City West Water
Customer Count Summary
Test Year Ended December 31, 2001
Step-One Rate Increase

Exhibit
Schedule H-2
Page 2
Witness: Kozoman

Size	Meter Classification	Month of <u>Jan-01</u>	Month of <u>Feb-01</u>	Month of <u>Mar-01</u>	Month of <u>Apr-01</u>	Month of <u>May-01</u>	Month of <u>Jun-01</u>	Month of <u>Jul-01</u>
5/8 Inch	Residential	14,472	14,460	14,504	14,508	14,482	14,449	14,408
3/4 Inch	Residential	1	1	1	1	1	1	1
1 Inch	Residential	115	114	115	115	115	115	115
1.5 Inch	Residential	459	460	460	460	460	460	459
2 Inch	Residential	134	134	134	134	134	134	134
3 Inch	Residential	-	-	-	-	-	-	-
4 Inch	Residential	1	1	1	1	1	1	1
5/8 Inch	Commercial	74	74	73	74	74	74	71
3/4 Inch	Commercial	-	-	-	-	-	-	-
1 Inch	Commercial	66	66	66	66	66	65	66
1.5 Inch	Commercial	69	69	68	68	68	69	68
2 Inch	Commercial	112	116	115	116	116	116	115
3 Inch	Commercial	17	17	17	14	15	16	16
4 Inch	Commercial	1	1	1	1	1	1	1
6 Inch	Commercial	1	1	1	1	1	1	1
4 Inch	Fire Protection	10	12	11	11	11	11	11
6 Inch	Fire Protection	20	22	21	21	21	21	21
8 Inch	Fire Protection	7	7	7	7	7	7	7
Totals		15,559	15,555	15,595	15,598	15,573	15,541	15,495

Size	Meter Classification	Month of <u>Aug-01</u>	Month of <u>Sep-01</u>	Month of <u>Oct-01</u>	Month of <u>Nov-01</u>	Month of <u>Dec-01</u>	Change from Beginning of Year to Year End	Revenues Annual- ized to Year End Customers
5/8 Inch	Residential	14,422	14,443	14,449	14,469	14,487	15	Yes
3/4 Inch	Residential	1	1	1	1	1	-	No
1 Inch	Residential	115	115	115	116	115	-	No
1.5 Inch	Residential	460	460	460	459	460	1	Yes
2 Inch	Residential	134	134	133	133	133	(1)	Yes
3 Inch	Residential	-	-	-	-	-	-	No
4 Inch	Residential	1	1	1	1	1	-	No
5/8 Inch	Commercial	74	73	72	72	71	(3)	Yes
3/4 Inch	Commercial	-	-	-	-	-	-	No
1 Inch	Commercial	69	65	65	65	65	(1)	Yes
1.5 Inch	Commercial	70	70	69	70	70	1	Yes
2 Inch	Commercial	118	117	119	120	120	8	Yes
3 Inch	Commercial	15	14	16	14	14	(3)	Yes
4 Inch	Commercial	1	1	1	1	1	-	No
6 Inch	Commercial	1	1	1	1	1	-	No
4 Inch	Fire Protection	11	11	11	15	13	3	Yes
6 Inch	Fire Protection	24	23	22	23	22	2	Yes
8 Inch	Fire Protection	7	7	7	7	7	-	No
Totals		15,523	15,536	15,542	15,567	15,581	22	

Arizona American - Sun City West Water
Gallons Sold Summary (In 1,000's)
Test Year Ended December 31, 2001
Step-One Rate Increase

Exhibit
Schedule H-2
Page 3
Witness: Kozoman

Size	Meter Classification	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01
5/8 Inch	Residential	96,887	92,328	85,989	102,992	99,780	114,530	111,889
3/4 Inch	Residential	19	15	15	16	18	31	60
1 Inch	Residential	1,167	1,186	1,137	1,550	1,574	2,274	2,343
1.5 Inch	Residential	16,734	12,188	11,358	17,473	22,543	39,115	45,286
2 Inch	Residential	5,444	5,087	4,973	6,219	6,664	8,536	9,263
3 Inch	Residential	-	-	-	-	-	-	-
4 Inch	Residential	8,910	8,333	7,755	9,377	8,562	8,777	8,490
5/8 Inch	Commercial	408	443	449	467	367	391	419
3/4 Inch	Commercial	-	-	-	-	-	-	-
1 Inch	Commercial	1,508	1,243	1,214	1,443	1,358	2,056	2,451
1.5 Inch	Commercial	2,805	2,298	2,234	3,441	3,603	4,424	5,163
2 Inch	Commercial	8,061	7,322	6,605	9,063	9,465	13,034	15,164
3 Inch	Commercial	1,469	1,674	1,332	3,290	2,629	4,334	3,000
4 Inch	Commercial	637	174	1,071	737	682	980	970
6 Inch	Commercial	281	257	239	276	251	255	234
4 Inch	Fire Protection	-	-	-	-	-	-	-
6 Inch	Fire Protection	-	-	-	-	-	-	-
8 Inch	Fire Protection	-	-	-	-	-	-	-
Actual Gallons Sold		144,330	132,548	124,371	156,344	157,496	198,737	204,732

Size	Meter Classification	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year	Percent of Total Water Usage
5/8 Inch	Residential	106,021	115,133	104,202	114,740	99,999	1,244,490	60.97%
3/4 Inch	Residential	44	38	10	36	26	328	0.02%
1 Inch	Residential	2,583	2,163	1,620	2,392	1,303	21,292	1.04%
1.5 Inch	Residential	42,273	38,695	21,899	38,752	19,420	325,736	15.96%
2 Inch	Residential	9,560	9,559	7,275	8,965	7,279	88,824	4.35%
3 Inch	Residential	-	-	-	-	-	-	0.00%
4 Inch	Residential	7,782	8,934	7,277	8,959	10,250	103,406	5.07%
5/8 Inch	Commercial	416	440	305	471	449	5,025	0.25%
3/4 Inch	Commercial	-	-	-	-	-	-	0.00%
1 Inch	Commercial	2,601	2,612	1,748	2,335	1,636	22,205	1.09%
1.5 Inch	Commercial	5,127	5,443	4,070	4,621	3,456	46,685	2.29%
2 Inch	Commercial	14,162	15,414	10,894	14,832	12,856	136,872	6.71%
3 Inch	Commercial	3,646	3,744	3,652	3,196	2,273	34,239	1.68%
4 Inch	Commercial	974	932	738	757	634	9,286	0.45%
6 Inch	Commercial	193	237	194	234	250	2,901	0.14%
4 Inch	Fire Protection	-	-	-	-	-	-	0.00%
6 Inch	Fire Protection	-	-	-	-	-	-	0.00%
8 Inch	Fire Protection	-	-	-	-	-	-	0.00%
Total Water Actually S		195,382	203,344	163,884	200,290	159,831	2,041,289	100.00%

Arizona American - Sun City West Water

Year Ended December 31, 2001

Present and Proposed Rates

Step-One Rate Increase

Exhibit

Schedule H-3

Page 1

Witness: Kozoman

Line No.	Customer Classification and Meter Size	Present Rates	Proposed Rates	Percent Change
1	Percentage Increase in Monthly Minimums			
2	Percentage Increase in Commodity Rates			
3				
4	Monthly Usage Charge for:			
5	<u>Residential, Commercial, Irrigation, Resale and Miscellaneous Customers</u>			
6	5/8 x 3/4 Inch	\$ 5.00	\$ 7.0000	40.00%
7	3/4 Inch	5.00	\$ 7.0000	40.00%
8	1 Inch	13.00	\$ 18.2000	40.00%
9	1 1/2 Inch	28.00	\$ 39.2000	40.00%
10	2 Inch	41.00	\$ 57.4000	40.00%
11	3 Inch	70.00	\$ 98.0000	40.00%
12	4 Inch	103.00	\$ 144.2000	40.00%
13	6 Inch	141.00	\$ 197.4000	40.00%
14	8 Inch	-	\$ -	
15	Construction / Tariff to be canceled as it is no longer used	8.00	\$ 11.2000	40.00%
16	General Fire Sprinkler Rate 4 "	30.00	\$ 42.0000	40.00%
17	General Fire Sprinkler Rate 6 "	45.00	\$ 63.0000	40.00%
18	General Fire Sprinkler Rate 8 "	60.00	\$ 84.0000	40.00%
19	General Fire Sprinkler Rate 10 "	120.00	\$ 168.0000	40.00%
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32	<u>Gallons In Minimum</u>			
33	All	-	-	
34				
35				
36				
37				
38	<u>Tier 1: Gallons upper limit</u>			
39	All, except construction	8,000	8,000	
40	Construction / Tariff to be canceled, as it is no longer used	999,999,999	999,999,999	
1				

Arizona American - Sun City West Water

Present and Proposed Rates

Test Year Ended December 31, 2001

Step-One Rate Increase

Exhibit

Schedule H-3

Page 2

Witness: Kozoman

Line No.	Customer Classification and Meter Size	Present Rates	Proposed Rates	Percent Change
1				
2				
3	<u>Tier 2: (Gallon upper limit, up to, but not exceeding)</u>			
4	All, except construction	999,999,999	999,999,999	
5	Construction / Tariff to be canceled, as it is no longer used	999,999,999	999,999,999	
6				
7				
8				
9				
10				
11				
12				
13				
14				
15	<u>Tier 3: (Gallon over)</u>			
16	All, except construction	999,999,999	999,999,999	
17	Construction / Tariff to be canceled, as it is no longer used	999,999,999	999,999,999	
18				
19				
20				
21				
22	<u>Commodity Rates (per 1,000 gallons over minimum and per Tier)</u>			
23	All, except construction (a) Tier 1	\$ 0.93	\$ 1.3000	39.78%
24	All, except construction (a) Tier 2	1.12	\$ 1.5700	40.18%
25	All, except construction (a) Tier 3	1.12	\$ 1.5700	40.18%
26	All, except construction (a) Tier 4			
27				
28				
29	Construction / Tariff to be canceled, as it is no longer used	0.60	\$ -	
30				
31	Effluent Sales, per Acre Foot	150.00	\$ 210.0000	40.00%
32				
33	Central Arizona Project - Raw Untreated Water - Per 1,000 Gallons	0.50		
34	Central Arizona Project - Raw Untreated Water to be canceled			
35	In Addition to above charges, Company shall collect Groundwater Saving Fee Per Commission Decision			
36	62293			
37	(a) Rounded to nearest whole cent			

Arizona American - Sun City West Water

Changes in Representative Rate Schedules

Test Year Ended December 31, 2001

Step-One Rate Increase

Exhibit

Schedule H-3

Page 3

Witness: Kozoman

Line No.		Present Rates	Proposed Rates
	<u>Other Service Charges</u>		
1	Establishment	\$ 30.00	\$ 30.00
2	Establishment (After Hours)	\$ 40.00	\$ 40.00
3	Reconnection (Delinquent)		\$ -
4	Reconnection (After Hours)		\$ -
5	Meter Test	\$ 10.00	\$ 10.00
6	Deposit	**	**
7	Deposit Interest	**	**
8	Re-Establishment (With-in 12 Months)	***	***
9			
10	NSF Check	\$ 10.00	\$ 10.00
11	Deferred Payment, Per Month (b)		
12	Meter Re-Read	\$ 5.00	\$ 5.00
13	Charge of Moving Customer Meter -		
14	Customer Requested	Cost	Cost
15	Late Payment Charge	1.50%	1.50%
16	Damages to Meter Locks, Valves, Seals	Cost	Cost
17	Sprinklers	See Schedule H-3, Page 1	
18			
19			
20	** PER COMMISSION RULES (R14-2-403.B)		
21	*** MONTHS OFF SYSTEM TIMES MINIMUM (R14-2-403.D)		
22	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
23	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
24	TAX. PER COMMISSION RULE (14-2-409.D 5)		
25	ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,		
26	AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES.		
27			
28			
29			
30		Present	Proposed
31	<u>Meter Size</u>	<u>Charges</u>	<u>Charges</u>
32	5/8 x 3/4 Inch	\$320	\$500
33	3 / 4 Inch	\$360	\$575
34	1 Inch	\$415	\$660
35	1 1/2 Inch	\$725	\$900
36	2 Inch	\$1,090	\$2,220
37	3 Inch	Cost	Cost
38	4 Inch	Cost	Cost
39	6 Inch	Cost	Cost
40	8 Inch	Cost	Cost
41			
42	As meters and service lines are now taxable income for income purposes, The Company		
43	shall collect income taxes on the meter and service line charges.		
44	Any tax collected will be refunded each year that the meter deposit is refunded.		
45			
46	Groundwater Withdrawal Fees shall be collected as an assessment, and is subject to annual		
47	revisions as required due to changes in rates charged by the Arizona Department of Water		
48	Resources ("ADWR"). Includes an allowance of 10% lost and unaccounted for water.		

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWRE 5/8 Inch

Step-One Rate Increase

Exhibit

Schedule H-4

Page 1

Witness: Kozoman

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 5.00	\$ 7.00	\$ 2.00	40.00%
1,000	5.93	8.30	\$ 2.37	39.97%
2,000	6.86	9.60	\$ 2.74	39.94%
3,000	7.79	10.90	\$ 3.11	39.92%
4,000	8.72	12.20	\$ 3.48	39.91%
5,000	9.65	13.50	\$ 3.85	39.90%
6,000	10.58	14.80	\$ 4.22	39.89%
7,000	11.51	16.10	\$ 4.59	39.88%
8,000	12.44	17.40	\$ 4.96	39.87%
9,000	13.56	18.97	\$ 5.41	39.90%
10,000	14.68	20.54	\$ 5.86	39.92%
11,000	15.80	22.11	\$ 6.31	39.94%
12,000	16.92	23.68	\$ 6.76	39.95%
13,000	18.04	25.25	\$ 7.21	39.97%
14,000	19.16	26.82	\$ 7.66	39.98%
15,000	20.28	28.39	\$ 8.11	39.99%
16,000	21.40	29.96	\$ 8.56	40.00%
17,000	22.52	31.53	\$ 9.01	40.01%
18,000	23.64	33.10	\$ 9.46	40.02%
19,000	24.76	34.67	\$ 9.91	40.02%
20,000	25.88	36.24	\$ 10.36	40.03%
21,000	27.00	37.81	\$ 10.81	40.04%
22,000	28.12	39.38	\$ 11.26	40.04%
23,000	29.24	40.95	\$ 11.71	40.05%
24,000	30.36	42.52	\$ 12.16	40.05%
25,000	31.48	44.09	\$ 12.61	40.06%
26,000	32.60	45.66	\$ 13.06	40.06%
27,000	33.72	47.23	\$ 13.51	40.07%
28,000	34.84	48.80	\$ 13.96	40.07%
29,000	35.96	50.37	\$ 14.41	40.07%
30,000	37.08	51.94	\$ 14.86	40.08%
31,000	38.20	53.51	\$ 15.31	40.08%
32,000	39.32	55.08	\$ 15.76	40.08%
33,000	40.44	56.65	\$ 16.21	40.08%
34,000	41.56	58.22	\$ 16.66	40.09%
35,000	42.68	59.79	\$ 17.11	40.09%
36,000	43.80	61.36	\$ 17.56	40.09%
37,000	44.92	62.93	\$ 18.01	40.09%
38,000	46.04	64.50	\$ 18.46	40.10%
39,000	47.16	66.07	\$ 18.91	40.10%
Average Usage				
7,171	\$ 11.67	\$ 16.32	\$ 4.65	39.88%
Median Usage				
6,000	\$ 10.58	\$ 14.80	\$ 4.22	39.89%

Present Rates:

Monthly Minimum:	\$ 5.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12
	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 7.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.30
Up to 999,999,999	\$ 1.57
Over 1,000,000,000	\$ 1.57
	\$ 1.57

Step-One Rate Increase

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 5.00	\$ 7.00	\$ 2.00	40.00%
1,000	5.93	8.30	\$ 2.37	39.97%
2,000	6.86	9.60	\$ 2.74	39.94%
3,000	7.79	10.90	\$ 3.11	39.92%
4,000	8.72	12.20	\$ 3.48	39.91%
5,000	9.65	13.50	\$ 3.85	39.90%
6,000	10.58	14.80	\$ 4.22	39.89%
7,000	11.51	16.10	\$ 4.59	39.88%
8,000	12.44	17.40	\$ 4.96	39.87%
9,000	13.56	18.97	\$ 5.41	39.90%
10,000	14.68	20.54	\$ 5.86	39.92%
11,000	15.80	22.11	\$ 6.31	39.94%
12,000	16.92	23.68	\$ 6.76	39.95%
13,000	18.04	25.25	\$ 7.21	39.97%
14,000	19.16	26.82	\$ 7.66	39.98%
15,000	20.28	28.39	\$ 8.11	39.99%
16,000	21.40	29.96	\$ 8.56	40.00%
17,000	22.52	31.53	\$ 9.01	40.01%
18,000	23.64	33.10	\$ 9.46	40.02%
19,000	24.76	34.67	\$ 9.91	40.02%
20,000	25.88	36.24	\$ 10.36	40.03%
21,000	27.00	37.81	\$ 10.81	40.04%
22,000	28.12	39.38	\$ 11.26	40.04%
23,000	29.24	40.95	\$ 11.71	40.05%
24,000	30.36	42.52	\$ 12.16	40.05%
25,000	31.48	44.09	\$ 12.61	40.06%
26,000	32.60	45.66	\$ 13.06	40.06%
27,000	33.72	47.23	\$ 13.51	40.07%
28,000	34.84	48.80	\$ 13.96	40.07%
29,000	35.96	50.37	\$ 14.41	40.07%
30,000	37.08	51.94	\$ 14.86	40.08%
31,000	38.20	53.51	\$ 15.31	40.08%
32,000	39.32	55.08	\$ 15.76	40.08%
33,000	40.44	56.65	\$ 16.21	40.08%
34,000	41.56	58.22	\$ 16.66	40.09%
35,000	42.68	59.79	\$ 17.11	40.09%
36,000	43.80	61.36	\$ 17.56	40.09%
37,000	44.92	62.93	\$ 18.01	40.09%
38,000	46.04	64.50	\$ 18.46	40.10%
39,000	47.16	66.07	\$ 18.91	40.10%
Average Usage				
27,333	\$ 34.09	\$ 47.75	\$ 13.66	40.07%
Median Usage				
19,000	\$ 24.76	\$ 34.67	\$ 9.91	40.02%

Present Rates:

Monthly Minimum:	\$	5.00
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to 8,000	\$	0.93
Up to 999,999,999	\$	1.12
Over 1,000,000,000	\$	1.12

Proposed Rates:

Monthly Minimum:	\$	7.00
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to 8,000	\$	1.30
Up to 999,999,999	\$	1.57
Over 1,000,000,000	\$	1.57

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 13.00	\$ 18.20	\$ 5.20	40.00%
1,000	13.93	19.50	\$ 5.57	39.99%
2,000	14.86	20.80	\$ 5.94	39.97%
3,000	15.79	22.10	\$ 6.31	39.96%
4,000	16.72	23.40	\$ 6.68	39.95%
5,000	17.65	24.70	\$ 7.05	39.94%
6,000	18.58	26.00	\$ 7.42	39.94%
7,000	19.51	27.30	\$ 7.79	39.93%
8,000	20.44	28.60	\$ 8.16	39.92%
9,000	21.56	30.17	\$ 8.61	39.94%
10,000	22.68	31.74	\$ 9.06	39.95%
11,000	23.80	33.31	\$ 9.51	39.96%
12,000	24.92	34.88	\$ 9.96	39.97%
13,000	26.04	36.45	\$ 10.41	39.98%
14,000	27.16	38.02	\$ 10.86	39.99%
15,000	28.28	39.59	\$ 11.31	39.99%
16,000	29.40	41.16	\$ 11.76	40.00%
17,000	30.52	42.73	\$ 12.21	40.01%
18,000	31.64	44.30	\$ 12.66	40.01%
19,000	32.76	45.87	\$ 13.11	40.02%
20,000	33.88	47.44	\$ 13.56	40.02%
21,000	35.00	49.01	\$ 14.01	40.03%
22,000	36.12	50.58	\$ 14.46	40.03%
23,000	37.24	52.15	\$ 14.91	40.04%
24,000	38.36	53.72	\$ 15.36	40.04%
25,000	39.48	55.29	\$ 15.81	40.05%
26,000	40.60	56.86	\$ 16.26	40.05%
27,000	41.72	58.43	\$ 16.71	40.05%
28,000	42.84	60.00	\$ 17.16	40.06%
29,000	43.96	61.57	\$ 17.61	40.06%
30,000	45.08	63.14	\$ 18.06	40.06%
31,000	46.20	64.71	\$ 18.51	40.06%
32,000	47.32	66.28	\$ 18.96	40.07%
33,000	48.44	67.85	\$ 19.41	40.07%
34,000	49.56	69.42	\$ 19.86	40.07%
35,000	50.68	70.99	\$ 20.31	40.07%
36,000	51.80	72.56	\$ 20.76	40.08%
37,000	52.92	74.13	\$ 21.21	40.08%
38,000	54.04	75.70	\$ 21.66	40.08%
39,000	55.16	77.27	\$ 22.11	40.08%
40,000	56.28	78.84	\$ 22.56	40.09%
Average Usage				
15,429	\$ 28.76	\$ 40.26	\$ 11.50	40.00%
Median Usage				
9,000	\$ 21.56	\$ 30.17	\$ 8.61	39.94%

Present Rates:

Monthly Minimum:	\$ 13.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12
	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 18.20
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.30
Up to 999,999,999	\$ 1.57
Over 1,000,000,000	\$ 1.57
	\$ 1.57

Step-One Rate Increase

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 28.00	\$ 39.20	\$ 11.20	40.00%
1,000	28.93	40.50	\$ 11.57	39.99%
2,000	29.86	41.80	\$ 11.94	39.99%
3,000	30.79	43.10	\$ 12.31	39.98%
4,000	31.72	44.40	\$ 12.68	39.97%
5,000	32.65	45.70	\$ 13.05	39.97%
6,000	33.58	47.00	\$ 13.42	39.96%
7,000	34.51	48.30	\$ 13.79	39.96%
8,000	35.44	49.60	\$ 14.16	39.95%
9,000	36.56	51.17	\$ 14.61	39.96%
10,000	37.68	52.74	\$ 15.06	39.97%
11,000	38.80	54.31	\$ 15.51	39.97%
12,000	39.92	55.88	\$ 15.96	39.98%
13,000	41.04	57.45	\$ 16.41	39.99%
14,000	42.16	59.02	\$ 16.86	39.99%
15,000	43.28	60.59	\$ 17.31	40.00%
16,000	44.40	62.16	\$ 17.76	40.00%
17,000	45.52	63.73	\$ 18.21	40.00%
18,000	46.64	65.30	\$ 18.66	40.01%
48,000	80.24	112.40	\$ 32.16	40.08%
49,000	81.36	113.97	\$ 32.61	40.08%
50,000	82.48	115.54	\$ 33.06	40.08%
51,000	83.60	117.11	\$ 33.51	40.08%
52,000	84.72	118.68	\$ 33.96	40.08%
53,000	85.84	120.25	\$ 34.41	40.09%
54,000	86.96	121.82	\$ 34.86	40.09%
55,000	88.08	123.39	\$ 35.31	40.09%
56,000	89.20	124.96	\$ 35.76	40.09%
57,000	90.32	126.53	\$ 36.21	40.09%
58,000	91.44	128.10	\$ 36.66	40.09%
59,000	92.56	129.67	\$ 37.11	40.09%
60,000	93.68	131.24	\$ 37.56	40.09%
61,000	94.80	132.81	\$ 38.01	40.09%
62,000	95.92	134.38	\$ 38.46	40.10%
63,000	97.04	135.95	\$ 38.91	40.10%
64,000	98.16	137.52	\$ 39.36	40.10%
65,000	99.28	139.09	\$ 39.81	40.10%
66,000	100.40	140.66	\$ 40.26	40.10%
67,000	101.52	142.23	\$ 40.71	40.10%
68,000	102.64	143.80	\$ 41.16	40.10%
69,000	103.76	145.37	\$ 41.61	40.10%
70,000	104.88	146.94	\$ 42.06	40.10%
Average Usage				
59,042	\$ 92.61	\$ 129.74	\$ 37.13	40.09%
Median Usage				
47,000	\$ 79.12	\$ 110.83	\$ 31.71	40.08%

Present Rates:

Monthly Minimum:	\$ 28.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12
	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 39.20
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.30
Up to 999,999,999	\$ 1.57
Over 1,000,000,000	\$ 1.57
	\$ 1.57
	87.43 92.08
\$ 74.64	\$ 104.55

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWRE 2 Inch

Step-One Rate Increase

Exhibit

Schedule H-4

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Witness: Kozoman

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 41.00	\$ 57.40	\$ 16.40	40.00%
1,000	41.93	58.70	\$ 16.77	40.00%
2,000	42.86	60.00	\$ 17.14	39.99%
3,000	43.79	61.30	\$ 17.51	39.99%
4,000	44.72	62.60	\$ 17.88	39.98%
5,000	45.65	63.90	\$ 18.25	39.98%
6,000	46.58	65.20	\$ 18.62	39.97%
7,000	47.51	66.50	\$ 18.99	39.97%
8,000	48.44	67.80	\$ 19.36	39.97%
9,000	49.56	69.37	\$ 19.81	39.97%
10,000	50.68	70.94	\$ 20.26	39.98%
11,000	51.80	72.51	\$ 20.71	39.98%
12,000	52.92	74.08	\$ 21.16	39.98%
13,000	54.04	75.65	\$ 21.61	39.99%
14,000	55.16	77.22	\$ 22.06	39.99%
15,000	56.28	78.79	\$ 22.51	40.00%
16,000	57.40	80.36	\$ 22.96	40.00%
17,000	58.52	81.93	\$ 23.41	40.00%
18,000	59.64	83.50	\$ 23.86	40.01%
19,000	60.76	85.07	\$ 24.31	40.01%
20,000	61.88	86.64	\$ 24.76	40.01%
50,000	95.48	133.74	\$ 38.26	40.07%
51,000	96.60	135.31	\$ 38.71	40.07%
52,000	97.72	136.88	\$ 39.16	40.07%
53,000	98.84	138.45	\$ 39.61	40.07%
54,000	99.96	140.02	\$ 40.06	40.08%
55,000	101.08	141.59	\$ 40.51	40.08%
56,000	102.20	143.16	\$ 40.96	40.08%
57,000	103.32	144.73	\$ 41.41	40.08%
58,000	104.44	146.30	\$ 41.86	40.08%
59,000	105.56	147.87	\$ 42.31	40.08%
60,000	106.68	149.44	\$ 42.76	40.08%
61,000	107.80	151.01	\$ 43.21	40.08%
62,000	108.92	152.58	\$ 43.66	40.08%
63,000	110.04	154.15	\$ 44.11	40.09%
Average Usage				
55,342	\$ 101.46	\$ 142.13	\$ 40.66	40.08%
Median Usage				
49,000	\$ 94.36	\$ 132.17	\$ 37.81	40.07%

Present Rates:

Monthly Minimum:	\$ 41.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12
	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 57.40
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.30
Up to 999,999,999	\$ 1.57
Over 1,000,000,000	\$ 1.57
	\$ 1.57

Arizona American - Sun City West Water
 Bill Comparison
 Customer Classification
Step-One Rate Increase

WWRE 4 Inch

Exhibit
 Schedule H-4
 Page 6
 Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 103.00	\$ 144.20	\$ 41.20	40.00%
1,000	103.93	145.50	41.57	40.00%
2,000	104.86	146.80	41.94	40.00%
3,000	105.79	148.10	42.31	39.99%
4,000	106.72	149.40	42.68	39.99%
5,000	107.65	150.70	43.05	39.99%
6,000	108.58	152.00	43.42	39.99%
7,000	109.51	153.30	43.79	39.99%
8,000	110.44	154.60	44.16	39.99%
9,000	111.56	156.17	44.61	39.99%
10,000	112.68	157.74	45.06	39.99%
11,000	113.80	159.31	45.51	39.99%
12,000	114.92	160.88	45.96	39.99%
13,000	116.04	162.45	46.41	39.99%
14,000	117.16	164.02	46.86	40.00%
15,000	118.28	165.59	47.31	40.00%
16,000	119.40	167.16	47.76	40.00%
17,000	120.52	168.73	48.21	40.00%
18,000	121.64	170.30	48.66	40.00%
19,000	122.76	171.87	49.11	40.00%
20,000	123.88	173.44	49.56	40.01%
7,277,000	8,251.72	11,566.93	3,315.21	40.18%
7,755,000	8,787.08	12,317.39	3,530.31	40.18%
7,782,000	8,817.32	12,359.78	3,542.46	40.18%
8,333,000	9,434.44	13,224.85	3,790.41	40.18%
8,490,000	9,610.28	13,471.34	3,861.06	40.18%
8,562,000	9,690.92	13,584.38	3,893.46	40.18%
8,777,000	9,931.72	13,921.93	3,990.21	40.18%
8,910,000	10,080.68	14,130.74	4,050.06	40.18%
8,934,000	10,107.56	14,168.42	4,060.86	40.18%
8,959,000	10,135.56	14,207.67	4,072.11	40.18%
9,377,000	10,603.72	14,863.93	4,260.21	40.18%
10,250,000	11,581.48	16,234.54	4,653.06	40.18%
Average Usage				
8,617,167	9,752.71	13,670.99	3,918.29	40.18%
Median Usage				
8,562,000	9,690.92	13,584.38	3,893.46	40.18%

Present Rates:

Monthly Minimum:	\$ 103.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12
	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 144.20
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.30
Up to 999,999,999	\$ 1.57
Over 1,000,000,000	\$ 1.57
	\$ 1.57

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWCL 58 Inch

Step-One Rate Increase

Exhibit

Schedule H-4

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Witness: Kozoman

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 5.00	\$ 7.00	\$ 2.00	40.00%
1,000	5.93	8.30	\$ 2.37	39.97%
2,000	6.86	9.60	\$ 2.74	39.94%
3,000	7.79	10.90	\$ 3.11	39.92%
4,000	8.72	12.20	\$ 3.48	39.91%
5,000	9.65	13.50	\$ 3.85	39.90%
6,000	10.58	14.80	\$ 4.22	39.89%
7,000	11.51	16.10	\$ 4.59	39.88%
8,000	12.44	17.40	\$ 4.96	39.87%
9,000	13.56	18.97	\$ 5.41	39.90%
10,000	14.68	20.54	\$ 5.86	39.92%
11,000	15.80	22.11	\$ 6.31	39.94%
12,000	16.92	23.68	\$ 6.76	39.95%
13,000	18.04	25.25	\$ 7.21	39.97%
14,000	19.16	26.82	\$ 7.66	39.98%
15,000	20.28	28.39	\$ 8.11	39.99%
16,000	21.40	29.96	\$ 8.56	40.00%
17,000	22.52	31.53	\$ 9.01	40.01%
18,000	23.64	33.10	\$ 9.46	40.02%
19,000	24.76	34.67	\$ 9.91	40.02%
20,000	25.88	36.24	\$ 10.36	40.03%
21,000	27.00	37.81	\$ 10.81	40.04%
22,000	28.12	39.38	\$ 11.26	40.04%
23,000	29.24	40.95	\$ 11.71	40.05%
24,000	30.36	42.52	\$ 12.16	40.05%
25,000	31.48	44.09	\$ 12.61	40.06%
26,000	32.60	45.66	\$ 13.06	40.06%
27,000	33.72	47.23	\$ 13.51	40.07%
28,000	34.84	48.80	\$ 13.96	40.07%
29,000	35.96	50.37	\$ 14.41	40.07%
30,000	37.08	51.94	\$ 14.86	40.08%
31,000	38.20	53.51	\$ 15.31	40.08%
32,000	39.32	55.08	\$ 15.76	40.08%
33,000	40.44	56.65	\$ 16.21	40.08%
34,000	41.56	58.22	\$ 16.66	40.09%
35,000	42.68	59.79	\$ 17.11	40.09%
36,000	43.80	61.36	\$ 17.56	40.09%
37,000	44.92	62.93	\$ 18.01	40.09%
38,000	46.04	64.50	\$ 18.46	40.10%
39,000	47.16	66.07	\$ 18.91	40.10%
40,000	48.28	67.64	\$ 19.36	40.10%
Average Usage				
5,736	\$ 10.33	\$ 14.46	\$ 4.12	39.89%
Median Usage				
-	\$ 5.00	\$ 7.00	\$ 2.00	40.00%

Present Rates:

Monthly Minimum:	\$ 5.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12
	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 7.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.30
Up to 999,999,999	\$ 1.57
Over 1,000,000,000	\$ 1.57
	\$ 1.57

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWCL 1 Inch

Step-One Rate Increase

Exhibit

Schedule H-4

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Witness: Kozoman

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 13.00	\$ 18.20	\$ 5.20	40.00%
1,000	13.93	19.50	\$ 5.57	39.99%
2,000	14.86	20.80	\$ 5.94	39.97%
3,000	15.79	22.10	\$ 6.31	39.96%
4,000	16.72	23.40	\$ 6.68	39.95%
5,000	17.65	24.70	\$ 7.05	39.94%
6,000	18.58	26.00	\$ 7.42	39.94%
7,000	19.51	27.30	\$ 7.79	39.93%
8,000	20.44	28.60	\$ 8.16	39.92%
9,000	21.56	30.17	\$ 8.61	39.94%
10,000	22.68	31.74	\$ 9.06	39.95%
11,000	23.80	33.31	\$ 9.51	39.96%
12,000	24.92	34.88	\$ 9.96	39.97%
13,000	26.04	36.45	\$ 10.41	39.98%
14,000	27.16	38.02	\$ 10.86	39.99%
15,000	28.28	39.59	\$ 11.31	39.99%
16,000	29.40	41.16	\$ 11.76	40.00%
17,000	30.52	42.73	\$ 12.21	40.01%
18,000	31.64	44.30	\$ 12.66	40.01%
19,000	32.76	45.87	\$ 13.11	40.02%
20,000	33.88	47.44	\$ 13.56	40.02%
21,000	35.00	49.01	\$ 14.01	40.03%
22,000	36.12	50.58	\$ 14.46	40.03%
23,000	37.24	52.15	\$ 14.91	40.04%
24,000	38.36	53.72	\$ 15.36	40.04%
25,000	39.48	55.29	\$ 15.81	40.05%
26,000	40.60	56.86	\$ 16.26	40.05%
27,000	41.72	58.43	\$ 16.71	40.05%
28,000	42.84	60.00	\$ 17.16	40.06%
29,000	43.96	61.57	\$ 17.61	40.06%
30,000	45.08	63.14	\$ 18.06	40.06%
31,000	46.20	64.71	\$ 18.51	40.06%
32,000	47.32	66.28	\$ 18.96	40.07%
33,000	48.44	67.85	\$ 19.41	40.07%
34,000	49.56	69.42	\$ 19.86	40.07%
Average Usage				
28,108	\$ 42.96	\$ 60.17	\$ 17.21	40.06%
Median Usage				
15,000	\$ 28.28	\$ 39.59	\$ 11.31	39.99%

Present Rates:

Monthly Minimum:	\$ 13.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 18.20
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.30
Up to 999,999,999	\$ 1.57
Over 1,000,000,000	\$ 1.57

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWCL 1.5 Inch

Step-One Rate Increase

Exhibit

Schedule H-4

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Witness: Kozoman

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 28.00	\$ 39.20	\$ 11.20	40.00%
1,000	28.93	40.50	\$ 11.57	39.99%
2,000	29.86	41.80	\$ 11.94	39.99%
3,000	30.79	43.10	\$ 12.31	39.98%
4,000	31.72	44.40	\$ 12.68	39.97%
5,000	32.65	45.70	\$ 13.05	39.97%
6,000	33.58	47.00	\$ 13.42	39.96%
7,000	34.51	48.30	\$ 13.79	39.96%
8,000	35.44	49.60	\$ 14.16	39.95%
9,000	36.56	51.17	\$ 14.61	39.96%
10,000	37.68	52.74	\$ 15.06	39.97%
11,000	38.80	54.31	\$ 15.51	39.97%
12,000	39.92	55.88	\$ 15.96	39.98%
13,000	41.04	57.45	\$ 16.41	39.99%
14,000	42.16	59.02	\$ 16.86	39.99%
15,000	43.28	60.59	\$ 17.31	40.00%
16,000	44.40	62.16	\$ 17.76	40.00%
17,000	45.52	63.73	\$ 18.21	40.00%
18,000	46.64	65.30	\$ 18.66	40.01%
19,000	47.76	66.87	\$ 19.11	40.01%
20,000	48.88	68.44	\$ 19.56	40.02%
21,000	50.00	70.01	\$ 20.01	40.02%
22,000	51.12	71.58	\$ 20.46	40.02%
23,000	52.24	73.15	\$ 20.91	40.03%
24,000	53.36	74.72	\$ 21.36	40.03%
25,000	54.48	76.29	\$ 21.81	40.03%
26,000	55.60	77.86	\$ 22.26	40.04%
27,000	56.72	79.43	\$ 22.71	40.04%
28,000	57.84	81.00	\$ 23.16	40.04%
29,000	58.96	82.57	\$ 23.61	40.04%
30,000	60.08	84.14	\$ 24.06	40.05%
50,000	82.48	115.54	\$ 33.06	40.08%
51,000	83.60	117.11	\$ 33.51	40.08%
52,000	84.72	118.68	\$ 33.96	40.08%
53,000	85.84	120.25	\$ 34.41	40.09%
54,000	86.96	121.82	\$ 34.86	40.09%
55,000	88.08	123.39	\$ 35.31	40.09%
56,000	89.20	124.96	\$ 35.76	40.09%
57,000	90.32	126.53	\$ 36.21	40.09%
58,000	91.44	128.10	\$ 36.66	40.09%
59,000	92.56	129.67	\$ 37.11	40.09%
60,000	93.68	131.24	\$ 37.56	40.09%
61,000	94.80	132.81	\$ 38.01	40.09%
Average Usage				
56,383	\$ 89.63	\$ 125.56	\$ 35.93	40.09%
Median Usage				
21,000	\$ 50.00	\$ 70.01	\$ 20.01	40.02%

Present Rates:

Monthly Minimum:	\$ 28.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12
	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 39.20
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.30
Up to 999,999,999	\$ 1.57
Over 1,000,000,000	\$ 1.57
	\$ 1.57

Step-One Rate Increase

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 41.00	\$ 57.40	\$ 16.40	40.00%
1,000	41.93	58.70	\$ 16.77	40.00%
2,000	42.86	60.00	\$ 17.14	39.99%
3,000	43.79	61.30	\$ 17.51	39.99%
4,000	44.72	62.60	\$ 17.88	39.98%
5,000	45.65	63.90	\$ 18.25	39.98%
6,000	46.58	65.20	\$ 18.62	39.97%
7,000	47.51	66.50	\$ 18.99	39.97%
8,000	48.44	67.80	\$ 19.36	39.97%
9,000	49.56	69.37	\$ 19.81	39.97%
10,000	50.68	70.94	\$ 20.26	39.98%
11,000	51.80	72.51	\$ 20.71	39.98%
12,000	52.92	74.08	\$ 21.16	39.98%
13,000	54.04	75.65	\$ 21.61	39.99%
14,000	55.16	77.22	\$ 22.06	39.99%
15,000	56.28	78.79	\$ 22.51	40.00%
16,000	57.40	80.36	\$ 22.96	40.00%
17,000	58.52	81.93	\$ 23.41	40.00%
18,000	59.64	83.50	\$ 23.86	40.01%
19,000	60.76	85.07	\$ 24.31	40.01%
20,000	61.88	86.64	\$ 24.76	40.01%
21,000	63.00	88.21	\$ 25.21	40.02%
22,000	64.12	89.78	\$ 25.66	40.02%
23,000	65.24	91.35	\$ 26.11	40.02%
24,000	66.36	92.92	\$ 26.56	40.02%
25,000	67.48	94.49	\$ 27.01	40.03%
26,000	68.60	96.06	\$ 27.46	40.03%
27,000	69.72	97.63	\$ 27.91	40.03%
28,000	70.84	99.20	\$ 28.36	40.03%
29,000	71.96	100.77	\$ 28.81	40.04%
30,000	73.08	102.34	\$ 29.26	40.04%
50,000	95.48	133.74	\$ 38.26	40.07%
51,000	96.60	135.31	\$ 38.71	40.07%
52,000	97.72	136.88	\$ 39.16	40.07%
53,000	98.84	138.45	\$ 39.61	40.07%
54,000	99.96	140.02	\$ 40.06	40.08%
55,000	101.08	141.59	\$ 40.51	40.08%
56,000	102.20	143.16	\$ 40.96	40.08%
57,000	103.32	144.73	\$ 41.41	40.08%
58,000	104.44	146.30	\$ 41.86	40.08%
Average Usage				
97,766	\$ 148.98	\$ 208.73	\$ 59.75	40.11%
Median Usage				
33,000	\$ 76.44	\$ 107.05	\$ 30.61	40.04%

Present Rates:

Monthly Minimum:	\$ 41.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 57.40
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.30
Up to 999,999,999	\$ 1.57
Over 1,000,000,000	\$ 1.57

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWCL 3 Inch

Step-One Rate Increase

Exhibit

Schedule H-4

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Witness: Kozoman

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 70.00	\$ 98.00	\$ 28.00	40.00%
1,000	70.93	99.30	\$ 28.37	40.00%
2,000	71.86	100.60	\$ 28.74	39.99%
3,000	72.79	101.90	\$ 29.11	39.99%
4,000	73.72	103.20	\$ 29.48	39.99%
5,000	74.65	104.50	\$ 29.85	39.99%
6,000	75.58	105.80	\$ 30.22	39.98%
7,000	76.51	107.10	\$ 30.59	39.98%
8,000	77.44	108.40	\$ 30.96	39.98%
9,000	78.56	109.97	\$ 31.41	39.98%
10,000	79.68	111.54	\$ 31.86	39.98%
11,000	80.80	113.11	\$ 32.31	39.99%
12,000	81.92	114.68	\$ 32.76	39.99%
13,000	83.04	116.25	\$ 33.21	39.99%
14,000	84.16	117.82	\$ 33.66	40.00%
15,000	85.28	119.39	\$ 34.11	40.00%
16,000	86.40	120.96	\$ 34.56	40.00%
17,000	87.52	122.53	\$ 35.01	40.00%
18,000	88.64	124.10	\$ 35.46	40.00%
131,000	215.20	301.51	\$ 86.31	40.11%
135,000	219.68	307.79	\$ 88.11	40.11%
138,000	223.04	312.50	\$ 89.46	40.11%
144,000	229.76	321.92	\$ 92.16	40.11%
147,000	233.12	326.63	\$ 93.51	40.11%
153,000	239.84	336.05	\$ 96.21	40.11%
160,000	247.68	347.04	\$ 99.36	40.12%
166,000	254.40	356.46	\$ 102.06	40.12%
175,000	264.48	370.59	\$ 106.11	40.12%
183,000	273.44	383.15	\$ 109.71	40.12%
211,000	304.80	427.11	\$ 122.31	40.13%
244,000	341.76	478.92	\$ 137.16	40.13%
269,000	369.76	518.17	\$ 148.41	40.14%
285,000	387.68	543.29	\$ 155.61	40.14%
299,000	403.36	565.27	\$ 161.91	40.14%
306,000	411.20	576.26	\$ 165.06	40.14%
309,000	414.56	580.97	\$ 166.41	40.14%
Average Usage				
185,076	\$ 275.76	\$ 386.41	\$ 110.64	40.12%
Median Usage				
11,000	\$ 80.80	\$ 113.11	\$ 32.31	39.99%

Present Rates:

Monthly Minimum:	\$ 70.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 98.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.30
Up to 999,999,999	\$ 1.57
Over 1,000,000,000	\$ 1.57

Step-One Rate Increase

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 103.00	\$ 144.20	\$ 41.20	40.00%
1,000	103.93	145.50	\$ 41.57	40.00%
2,000	104.86	146.80	\$ 41.94	40.00%
3,000	105.79	148.10	\$ 42.31	39.99%
4,000	106.72	149.40	\$ 42.68	39.99%
5,000	107.65	150.70	\$ 43.05	39.99%
6,000	108.58	152.00	\$ 43.42	39.99%
7,000	109.51	153.30	\$ 43.79	39.99%
8,000	110.44	154.60	\$ 44.16	39.99%
9,000	111.56	156.17	\$ 44.61	39.99%
10,000	112.68	157.74	\$ 45.06	39.99%
11,000	113.80	159.31	\$ 45.51	39.99%
12,000	114.92	160.88	\$ 45.96	39.99%
13,000	116.04	162.45	\$ 46.41	39.99%
14,000	117.16	164.02	\$ 46.86	40.00%
15,000	118.28	165.59	\$ 47.31	40.00%
16,000	119.40	167.16	\$ 47.76	40.00%
17,000	120.52	168.73	\$ 48.21	40.00%
18,000	121.64	170.30	\$ 48.66	40.00%
174,000	296.36	415.22	\$ 118.86	40.11%
634,000	811.56	1,137.42	\$ 325.86	40.15%
637,000	814.92	1,142.13	\$ 327.21	40.15%
682,000	865.32	1,212.78	\$ 347.46	40.15%
737,000	926.92	1,299.13	\$ 372.21	40.16%
738,000	928.04	1,300.70	\$ 372.66	40.16%
757,000	949.32	1,330.53	\$ 381.21	40.16%
932,000	1,145.32	1,605.28	\$ 459.96	40.16%
970,000	1,187.88	1,664.94	\$ 477.06	40.16%
974,000	1,192.36	1,671.22	\$ 478.86	40.16%
980,000	1,199.08	1,680.64	\$ 481.56	40.16%
1,071,000	1,301.00	1,823.51	\$ 522.51	40.16%
Average Usage				
773,833	968.17	1,356.96	388.79	40.16%
Median Usage				
738,000	928.04	1,300.70	372.66	40.16%

Present Rates:

Monthly Minimum:	\$ 103.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 0.93
Up to 999,999,999	\$ 1.12
Over 1,000,000,000	\$ 1.12

Proposed Rates:

Monthly Minimum:	\$ 144.20
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 8,000	\$ 1.30
Up to 999,999,999	\$ 1.57
Over 1,000,000,000	\$ 1.57

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WWCL 6 Inch

Step-One Rate Increase

Exhibit

Schedule H-4

Page 13

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 141.00	\$ 197.40	\$ 56.40	40.00%
1,000	141.93	198.70	56.77	40.00%
2,000	142.86	200.00	57.14	40.00%
3,000	143.79	201.30	57.51	40.00%
4,000	144.72	202.60	57.88	39.99%
5,000	145.65	203.90	58.25	39.99%
6,000	146.58	205.20	58.62	39.99%
7,000	147.51	206.50	58.99	39.99%
8,000	148.44	207.80	59.36	39.99%
9,000	149.56	209.37	59.81	39.99%
10,000	150.68	210.94	60.26	39.99%
11,000	151.80	212.51	60.71	39.99%
12,000	152.92	214.08	61.16	39.99%
13,000	154.04	215.65	61.61	40.00%
14,000	155.16	217.22	62.06	40.00%
15,000	156.28	218.79	62.51	40.00%
16,000	157.40	220.36	62.96	40.00%
17,000	158.52	221.93	63.41	40.00%
18,000	159.64	223.50	63.86	40.00%
193,000	355.64	498.25	142.61	40.10%
194,000	356.76	499.82	143.06	40.10%
234,000	401.56	562.62	161.06	40.11%
237,000	404.92	567.33	162.41	40.11%
239,000	407.16	570.47	163.31	40.11%
250,000	419.48	587.74	168.26	40.11%
251,000	420.60	589.31	168.71	40.11%
255,000	425.08	595.59	170.51	40.11%
257,000	427.32	598.73	171.41	40.11%
276,000	448.60	628.56	179.96	40.12%
281,000	454.20	636.41	182.21	40.12%
Average Usage				
241,750	410.24	574.79	164.55	40.11%
Median Usage				
239,000	407.16	570.47	163.31	40.11%

Present Rates:

Monthly Minimum:

Gallons in Minimum

Charge Per 1,000 Gallons

Up to 8,000

Up to 999,999,999

Over 1,000,000,000

Proposed Rates:

Monthly Minimum:

Gallons in Minimum

Charge Per 1,000 Gallons

Up to 8,000

Up to 999,999,999

Over 1,000,000,000

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WFLA 4

Step-One Rate Increase

Exhibit

Schedule H-4

Page 14

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 30.00	\$ 42.00	\$ 12.00	40.00%

Present Rates:

Monthly Minimum: \$ 30.00

Gallons in Minimum -

Charge Per 1,000 Gallons

Up to

Up to

Over

Proposed Rates:

Monthly Minimum: \$ 42.00

Gallons in Minimum -

Charge Per 1,000 Gallons

Up to

Up to

Over

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WFLA 6

Step-One Rate Increase

Exhibit

Schedule H-4

Page 15

Witness: Kozoman

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 45.00	\$ 63.00	\$ 18.00	40.00%

Present Rates:

Monthly Minimum: \$ 45.00

Gallons in Minimum -

Charge Per 1,000 Gallons

Up to

Up to

Over

Proposed Rates:

Monthly Minimum: \$ 63.00

Gallons in Minimum -

Charge Per 1,000 Gallons

Up to

Up to

Over

Arizona American - Sun City West Water

Bill Comparison

Customer Classification

WFLA 8

Step-One Rate Increase

Exhibit

Schedule H-4

Page 16

Witness: Kozoman

<u>Usage</u>		<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$	60.00	\$ 84.00	\$ 24.00	40.00%

Present Rates:

Monthly Minimum: \$ 60.00

Gallons in Minimum -

Charge Per 1,000 Gallons

Up to

Up to

Over

Proposed Rates:

Monthly Minimum: \$ 84.00

Gallons in Minimum -

Charge Per 1,000 Gallons

Up to

Up to

Over

Arizona American - Sun City West
Test Year Ended December 31, 2001
Customer Classification

WWRE 5/8 Inch

Exhibit
Schedule H-5
Page 1
Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
0		237	201	161	156	259	446	586	590	516	488	260	234	4,134
1000	1,000	471	366	462	306	456	556	686	734	629	625	397	438	6,126
2000	2,000	889	892	1,005	666	835	838	915	1,037	867	960	720	866	10,490
3000	3,000	1,303	1,477	1,719	1,115	1,317	1,070	1,146	1,215	1,092	1,258	1,010	1,291	15,013
4000	4,000	1,712	1,953	2,226	1,542	1,578	1,269	1,306	1,412	1,259	1,426	1,239	1,645	18,567
5000	5,000	1,856	2,010	2,130	1,852	1,758	1,288	1,358	1,469	1,378	1,559	1,501	1,814	19,973
6000	6,000	1,662	1,871	1,858	1,851	1,689	1,333	1,331	1,386	1,303	1,403	1,509	1,675	18,871
7000	7,000	1,466	1,434	1,387	1,555	1,465	1,278	1,210	1,171	1,248	1,287	1,458	1,418	16,377
8000	8,000	1,144	1,078	983	1,304	1,193	1,155	1,044	1,000	1,043	1,104	1,244	1,122	13,414
9000	9,000	867	798	682	960	929	932	847	841	879	864	1,009	916	10,524
10000	10,000	699	571	458	784	666	789	710	674	772	682	834	649	8,288
11000	11,000	494	411	330	580	506	661	567	461	563	519	657	518	6,267
12000	12,000	354	256	230	380	365	521	427	410	474	422	492	384	4,715
13000	13,000	250	238	169	310	277	372	359	329	357	325	384	279	3,649
14000	14,000	208	152	112	201	179	281	287	261	327	239	289	216	2,752
15000	15,000	140	113	77	155	174	268	207	200	245	184	241	178	2,182
16000	16,000	97	87	78	117	125	196	175	154	198	129	169	109	1,634
17000	17,000	81	75	46	103	106	176	153	111	172	96	143	112	1,374
18000	18,000	54	54	27	74	71	117	121	103	127	100	101	72	1,021
19000	19,000	54	36	37	66	48	105	100	86	88	86	103	60	869
20000	20,000	48	27	15	42	29	72	96	80	80	50	61	45	645
21000	21,000	24	16	12	29	41	77	64	54	76	71	57	46	567
22000	22,000	20	29	13	20	27	63	57	62	64	47	43	28	473
23000	23,000	18	19	13	19	25	48	53	40	69	44	48	26	422
24000	24,000	14	15	5	21	28	47	46	36	44	32	32	15	335
25000	25,000	16	10	8	11	22	31	44	27	35	35	33	14	286
26000	26,000	7	6	10	6	17	30	28	25	37	21	21	16	224
27000	27,000	11	9	4	15	16	26	31	21	31	23	25	12	224
28000	28,000	16	4	8	8	13	14	24	15	29	19	23	8	171
29000	29,000	5	4	6	10	6	14	19	23	29	19	23	11	169
30000	30,000	8	4	5	7	8	10	12	22	15	12	9	16	128
31000	31,000	2	4	1	2	5	20	22	6	23	11	13	7	116
32000	32,000	4	3	1	6	4	7	12	13	11	15	8	5	89
33000	33,000	2	2	2	4	5	15	13	12	13	9	11	2	88
34000	34,000	4	3	3	4	3	15	12	8	9	4	10	9	81
35000	35,000	3	3	1	5	3	10	6	7	9	5	5	4	61
36000	36,000	1	3	2	3	3	7	8	9	14	4	13	1	66
37000	37,000	1	4	2	1	2	6	10	7	8	6	4	2	52
38000	38,000	3	1	3	1	6	6	12	12	7	6	5	2	61
39000	39,000	3	2	3	1	3	7	3	3	7	10	10	1	55
40000	40,000	7	1	1	1	1	2	6	9	11	4	4	2	47
41000	41,000	2	1	1	2	1	4	8	10	4	4	5	1	39
42000	42,000	1	1	1	1	1	4	6	6	4	3	2	1	30
43000	43,000	1	1	1	2	1	5	4	3	5	3	2	1	23
44000	44,000	1	1	1	1	1	3	3	3	3	4	5	3	28
45000	45,000	1	1	1	3	1	2	8	2	3	3	1	1	31
46000	46,000	1	2	1	1	4	7	7	6	2	2	4	1	26
47000	47,000	1	1	1	1	1	3	6	6	6	2	2	1	1

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

WWRE 5/8 Inch

Exhibit
 Schedule H-5
 Page 1a
 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
48000	48,000	1					7	2	3	6		2	1	23
49000	49,000						4	2	3	3		1	1	18
50000	50,000	2			1		3	2	5	3		2	1	24
51000	51,000		1				3	1	2	3		1		11
52000	52,000	1			1			2	2	2				9
53000	53,000	1				2		3		2		2	2	14
54000	54,000	1	2			1	2	2	1	2		2		13
55000	55,000	1					3	3	3	6		1	1	14
56000	56,000			1			3	2	2	1				10
57000	57,000						2	2	3	3				11
58000	58,000				1		2	2	3	2				8
59000	59,000						2	2	3	3				11
60000	60,000						2	2	3	2				9
61000	61,000						3	1	1	4		1		6
62000	62,000						1			1		2		8
63000	63,000	1			1		3	3	1	1		2		2
64000	64,000						2	2	1	1				4
65000	65,000	1					1	1	1	1				4
66000	66,000						1	1		1		1		3
67000	67,000									1				4
68000	68,000					1	1			1				2
69000	69,000		1					1						1
70000	70,000													3
71000	71,000	1								1				5
72000	72,000								1	2		1		3
73000	73,000								1	1		1		3
74000	74,000							1		1		1		3
75000	75,000							1		1		1		3
76000	76,000							1		1				3
77000	77,000				1									1
78000	78,000													2
79000	79,000													1
80000	80,000							1					1	2
81000	81,000													1
82000	82,000									1				1
83000	83,000													1
84000	84,000													1
85000	85,000													1
86000	86,000													2
87000	87,000													1
88000	88,000			1										3
89000	89,000			1										1
90000	90,000													2
91000	91,000									1				1
92000	92,000						1							1

Arizona American - Sun City West Water
 Test Year Ended December 31, 2001
 Customer Classification

WWRE 5/8 Inch

Exhibit
 Schedule H-5
 Page 1b
 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
93000	93,000	-	-	-	-	-	-	-	2	-	-	-	-	2
94000	94,000	-	-	-	-	-	-	-	-	-	-	1	-	1
95000	95,000	-	-	-	-	-	1	-	1	-	-	-	-	2
96000	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-
97000	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-
98000	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-
99000	99,000	-	-	-	-	-	-	-	-	1	-	-	-	1
100000	100,000	-	-	-	-	-	-	1	-	-	-	-	-	-
103000	103,000	-	-	-	-	-	-	-	1	-	-	-	-	1
106000	106,000	-	-	-	-	-	-	-	-	1	-	-	-	1
107000	107,000	-	-	-	-	-	-	-	-	1	-	-	-	1
108000	108,000	-	-	-	-	-	-	1	-	-	-	-	-	1
109000	109,000	-	-	-	-	-	1	-	-	-	-	-	-	1
111000	111,000	-	-	-	-	-	-	-	-	-	-	-	-	1
112000	112,000	-	-	-	-	-	-	1	-	-	-	-	-	1
113000	113,000	-	-	-	1	-	-	-	-	-	-	-	-	1
115000	115,000	-	-	-	-	-	1	-	-	-	-	-	-	1
117000	117,000	-	-	-	-	-	-	-	-	-	-	-	-	1
120000	120,000	-	-	-	1	-	-	-	-	-	-	1	-	1
121000	121,000	-	-	-	-	-	-	1	-	-	-	-	-	1
129000	129,000	-	-	-	-	-	-	-	-	-	1	-	-	1
130000	130,000	-	-	-	-	-	-	-	1	-	1	-	-	2
132000	132,000	-	-	-	-	-	-	-	-	-	-	1	-	1
133000	133,000	-	-	-	-	-	-	-	1	-	-	-	-	1
134000	134,000	-	-	-	-	-	1	-	-	-	-	-	-	1
135000	135,000	-	-	-	-	-	-	-	-	-	-	-	-	1
139000	139,000	-	-	-	-	-	-	-	1	-	-	-	-	1
142000	142,000	-	-	-	-	-	1	-	-	-	-	-	-	2
145000	145,000	-	-	-	-	-	-	-	-	-	-	-	-	1
151000	151,000	-	-	-	-	-	-	-	-	-	-	-	-	1
159000	159,000	-	-	-	-	-	-	-	1	-	-	-	-	1
193000	193,000	-	-	-	-	-	-	-	-	-	-	-	-	1
194000	194,000	-	-	-	-	-	-	-	-	-	-	-	-	1
201000	201,000	-	-	-	-	-	-	-	-	-	-	1	-	1
236000	236,000	-	-	-	-	-	-	-	-	-	-	-	-	1
300000	300,000	-	-	-	-	-	-	-	1	-	-	-	-	1
463000	463,000	-	-	-	-	-	-	1	-	-	-	-	-	1
Totals		14,472	14,460	14,504	14,508	14,482	14,449	14,408	14,422	14,443	14,449	14,469	14,487	173,553

Average Usage 7,171
 Median Usage 6,000
 Average # Customers 14,463
 Change in Number of Customers 15

Exhibit
Schedule H-5
Page 2
Witness: Kozoman

WWRE 3/4 Inch

[illegible]

Exhibit
Schedule H-5
Page 2a
Witness: Kozoman

[illegible]

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

WWRE 1 Inch

Exhibit
 Schedule H-5
 Page 3
 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
0	1000	16	12	7	3	1	1	4	4	3	2	3	2	58
1000	1,000	2	4	3	2	2	1	6	6	7	4	3	3	43
2000	2,000	8	2	5	2	5	3	5	5	3	6	5	2	51
3000	3,000	5	2	9	4	3	4	4	4	4	7	4	2	54
4000	4,000	1	15	7	9	7	6	8	5	4	4	3	10	79
5000	5,000	6	4	11	6	7	7	4	7	13	8	6	7	86
6000	6,000	9	4	9	6	8	10	5	5	6	13	8	7	90
7000	7,000	6	9	5	11	10	11	9	8	8	12	5	8	102
8000	8,000	5	6	8	7	11	6	6	4	5	6	4	8	76
9000	9,000	9	7	9	3	5	6	4	5	7	3	8	8	70
10000	10,000	3	8	8	10	6	6	6	4	7	4	8	9	77
11000	11,000	9	11	2	5	9	5	4	5	2	4	4	5	65
12000	12,000	5	6	7	7	9	4	5	1	1	5	5	8	63
13000	13,000	5	4	2	5	2	5	4	2	3	4	1	6	43
14000	14,000	3	1	2	5	3	4	2	4	3	3	5	2	33
15000	15,000	3	2	4	3	3	4	5	3	2	3	3	5	38
16000	16,000	2	3	2	3	5	3	1	2	2	7	3	4	31
17000	17,000	5	3	3	2	2	3	2	5	3	1	4	1	31
18000	18,000	3	1	2	2	1	1	1	2	3	1	1	1	13
19000	19,000	1	1	1	2	1	1	1	2	2	2	1	3	16
20000	20,000	1	1	1	2	1	1	2	3	1	3	2	1	14
21000	21,000	2	3	1	2	3	1	3	1	1	1	2	1	16
22000	22,000	1	1	1	2	2	1	2	2	1	3	2	2	11
23000	23,000	1	1	1	2	2	1	1	1	1	3	1	1	11
24000	24,000	1	1	2	1	1	1	1	1	1	2	1	1	11
25000	25,000	1	1	1	1	1	1	1	1	1	1	1	1	10
26000	26,000	2	1	1	1	1	1	1	2	2	1	1	1	5
27000	27,000	1	1	1	1	1	1	1	1	2	1	1	1	13
28000	28,000	1	1	1	1	2	2	1	1	1	1	1	2	7
29000	29,000	1	1	1	2	1	1	1	1	1	1	1	2	12
30000	30,000	1	1	1	1	1	1	2	2	1	1	2	2	8
31000	31,000	1	1	1	1	1	1	1	1	1	1	1	1	7
32000	32,000	1	1	1	1	1	1	1	1	1	1	1	1	7
33000	33,000	1	1	1	1	1	1	1	1	1	1	1	1	4
34000	34,000	1	1	1	1	1	1	1	1	1	1	1	1	7
35000	35,000	1	1	1	1	1	1	1	1	2	1	1	1	4
36000	36,000	1	1	1	1	1	1	1	1	1	1	1	1	4
37000	37,000	1	1	1	2	2	1	1	1	1	1	2	2	7
38000	38,000	1	1	1	2	2	1	1	2	1	1	1	1	4
39000	39,000	1	1	1	1	1	1	1	1	1	1	1	1	4
40000	40,000	1	1	1	1	1	3	1	2	1	1	1	1	9
41000	41,000	1	1	1	1	1	1	1	1	1	1	1	1	1
42000	42,000	1	1	1	1	1	1	1	1	1	1	1	1	4
43000	43,000	1	1	1	1	1	1	1	1	1	1	1	1	3
44000	44,000	1	1	1	1	1	1	1	1	1	1	1	1	4
45000	45,000	1	1	1	1	1	1	1	1	1	1	1	1	3
46000	46,000	1	1	1	1	1	1	1	1	1	1	1	1	2
47000	47,000	1	1	1	1	1	1	2	1	1	1	3	1	8

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

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 Schedule H-5
 Page 3a
 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
48000	48,000	1									1			4
49000	49,000	1							1	1				3
50000	50,000													
51000	51,000									1				1
52000	52,000													1
53000	53,000													
54000	54,000			1					1		1			3
55000	55,000													
56000	56,000									1				2
57000	57,000							1	1					2
58000	58,000			1										2
59000	59,000											1		2
60000	60,000							1	1			1		1
61000	61,000													
62000	62,000													2
63000	63,000													
64000	64,000							1						1
65000	65,000													
66000	66,000													
67000	67,000									2				3
68000	68,000													
69000	69,000									1				3
70000	70,000						1		1					2
71000	71,000													
72000	72,000													
73000	73,000													
74000	74,000													1
75000	75,000													
76000	76,000													
77000	77,000													
78000	78,000								1					1
79000	79,000									1				2
80000	80,000							1						1
81000	81,000													
82000	82,000													
83000	83,000													
84000	84,000													1
85000	85,000		1											2
86000	86,000													
87000	87,000								1					2
88000	88,000													
89000	89,000											1		
90000	90,000													
91000	91,000													
92000	92,000							1						1

Exhibit
Schedule H-5
Page 3b
Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
93000	93,000			1				1						2
94000	94,000													
95000	95,000													
96000	96,000						1							2
97000	97,000									1				1
98000	98,000													
99000	99,000													
100000	100,000					1		1						2
102000	102,000						1							1
103000	103,000								1					1
105000	105,000							1						1
108000	108,000			1										1
110000	110,000							1						1
111000	111,000													1
113000	113,000								1					1
121000	121,000	1												1
127000	127,000													1
133000	133,000								1					1
162000	162,000											1		1
190000	190,000								1					1
197000	197,000						1							1
211000	211,000													1
230000	230,000									1				1
248000	248,000								1					1
281000	281,000							1						1
320000	320,000								1					1
Totals		115	114	115	115	115	115	115	115	115	115	116	115	1,380
		Average Usage												15,429
		Median Usage												9,000
		Average # Customers												115
		Change in Number of Customers												

Arizona American - Sun City West
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 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
0	1,000	2	16	5	5	4	3	2	3	3	3	5	5	56
1,000	2,000		1	2				1	1			1	1	5
2,000	3,000		3	1				1	1				1	7
3,000	4,000			1									1	6
4,000	5,000	1	6	2	1	1	1		1	2	3	1	1	20
5,000	6,000		2	7			4	1	4		1		1	17
6,000	7,000	1	6	5	1	1	1	3	1	3	2	1	1	25
7,000	8,000	1	8	5		1		2		2			3	23
8,000	9,000	3	9	11	1	3	1	1		4	6		6	48
9,000	10,000	4	4	7	3	3	2	1	2	4	3	2	2	38
10,000	11,000	7	8	12	5	2	3	1	3		3	1	2	46
11,000	12,000	5	7	9	3			2	1		7		3	46
12,000	13,000	8	5	13	3	7	2				2	2	8	51
13,000	14,000	4	11	9	10	3	1	3	1	1	3		9	47
14,000	15,000	9	15	11	3	3	1	2	2	2	9	3	7	68
15,000	16,000	7	6	12	3	2	2	2	1	4	7	3	6	55
16,000	17,000	13	8	11	4	10	1	1	1		4		7	68
17,000	18,000	11	17	15	6	6	1	4			4	3	6	76
18,000	19,000	12	16	17	17	9	5	3	3	2	4	2	5	92
19,000	20,000	8	9	14	8	5	2	3	2	1	3	1	4	60
20,000	21,000	9	18	16	5	3	3	3	1	4	5	3	5	73
21,000	22,000	5	11	18	9	3	2	2	2	2	5	2	5	68
22,000	23,000	11	12	15	5	4	3	2	1	1	4	2	9	69
23,000	24,000	13	13	15	8	5	4	2	2	1	5	2	9	77
24,000	25,000	7	10	6	7	4	1	1	2	3	6	1	11	57
25,000	26,000	4	13	10	8	6	2	1	1	2	5	4	6	67
26,000	27,000	8	13	14	8	4	2	1	3	5	2	2	8	65
27,000	28,000	8	15	15	7	4	4	3	2	2	7	1	5	72
28,000	29,000	12	18	17	5	8	1	3	1	1	8	3	8	82
29,000	30,000	7	15	18	10	2	2	2	2	3	6	1	4	71
30,000	31,000	11	6	8	7	4	1	2	1	1	5	4	5	54
31,000	32,000	14	15	10	10	6	4	2	1		4	1	5	68
32,000	33,000	6	10	16	17	3	3	1	3		5	5	4	74
33,000	34,000	9	14	10	9	3	4	3	1	1	10	1	4	66
34,000	35,000	12	9	11	12	3	2	2	6	3	10	1	4	77
35,000	36,000	9	8	14	17	9	4	1	1	2	11	3	4	85
36,000	37,000	10	6	4	15	3	2	1	3	2	11	2	14	70
37,000	38,000	7	7	7	18	4	3	3	1	1	11	5	7	65
38,000	39,000	13	8	11	7	6	5	1	3	2	11	2	10	77
39,000	40,000	10	7	7	17	11	2	1	1	4	4	2	6	80
40,000	41,000	13	4	11	12	10	5	2	2	3	8	1	7	73
41,000	42,000	4	7	6	11	10	2	5	1	4	12	3	15	68
42,000	43,000	13	7	4	12	12	1	2	4	4	8	1	8	85
43,000	44,000	7	3	4	8	10	1	2	2	3	10	1	16	60
44,000	45,000	12	3	1	9	6	2	3	2	4	8	8	13	66
45,000	46,000	10	6	2	8	8	1	1	4	3	10	5	7	71
46,000	47,000	11	6	2	8	6	5	1	4	4	10	5	8	61
47,000		2	5	1	5	6	1	1	1	3	4	4	8	42

Arizona American - Sun City West
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WWRE 1.5 Inch

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 Schedule H-5
 Page 4a
 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
48000	48,000	4	3	2	9	10	1	1	1	2	8	3	6	49
49000	49,000	6	2	2	7	9	5	1	1	5	9	2	8	54
50000	50,000	12	3	1	2	9	2	1	1	4	5	2	4	44
51000	51,000	3	1	1	5	10	5	1	1	1	6	5	6	45
52000	52,000	5	4	1	4	7	1	1	1	2	8	4	6	39
53000	53,000	5	2	1	6	11	2	2	2	1	4	4	5	44
54000	54,000	4	2	2	4	10	4	1	1	4	7	4	6	48
55000	55,000	1	1	1	5	10	3	3	3	5	7	2	5	41
56000	56,000	3	2	1	6	10	4	1	3	4	3	4	4	48
57000	57,000	5	2	1	7	3	4	4	4	2	3	3	2	40
58000	58,000	8	1	1	4	7	3	3	4	1	10	1	8	51
59000	59,000	6	1	1	4	8	7	1	4	5	10	4	3	53
60000	60,000	5	1	1	7	8	4	1	5	3	10	8	6	55
61000	61,000	2	1	1	2	6	4	1	3	2	5	4	6	39
62000	62,000	1	2	1	4	7	4	1	4	6	7	4	5	41
63000	63,000	1	1	1	4	8	4	4	4	5	4	6	7	41
64000	64,000	1	1	1	4	7	4	4	5	4	6	2	7	45
65000	65,000	1	1	1	1	4	4	5	8	4	4	3	3	28
66000	66,000	1	2	1	4	4	4	2	2	3	4	8	4	31
67000	67,000	2	1	1	4	3	1	2	2	8	2	7	5	49
68000	68,000	1	1	1	2	8	6	3	6	1	1	5	2	28
69000	69,000	2	1	1	2	3	4	1	1	4	5	3	4	33
70000	70,000	2	1	1	2	3	2	3	3	4	2	2	5	25
71000	71,000	1	1	1	2	3	4	5	5	8	4	3	3	35
72000	72,000	6	1	1	2	4	7	2	1	3	4	6	5	42
73000	73,000	1	1	1	3	4	4	1	1	6	5	4	3	36
74000	74,000	4	1	1	3	3	2	2	2	3	6	4	2	26
75000	75,000	1	1	1	1	2	2	5	5	5	1	6	1	30
76000	76,000	1	1	1	1	2	4	6	6	2	4	2	2	25
77000	77,000	2	1	1	3	3	4	1	6	3	3	6	1	24
78000	78,000	1	1	1	1	1	2	5	3	5	4	2	1	26
79000	79,000	1	1	1	1	2	3	6	3	2	3	6	1	29
80000	80,000	1	1	1	1	1	3	4	4	8	3	4	1	32
81000	81,000	1	1	1	1	6	7	5	5	5	3	3	1	30
82000	82,000	1	1	1	1	3	2	2	6	4	3	6	1	25
83000	83,000	1	1	1	1	1	5	4	3	9	3	6	2	32
84000	84,000	1	1	1	1	3	5	6	6	9	3	6	3	38
85000	85,000	1	1	1	1	2	4	6	5	9	4	9	3	38
86000	86,000	1	1	1	2	3	4	6	8	2	2	5	1	35
87000	87,000	1	1	1	1	3	5	6	8	5	1	7	1	29
88000	88,000	1	1	1	1	2	5	6	2	4	2	5	2	28
89000	89,000	1	1	1	1	2	6	3	4	4	1	2	1	30
90000	90,000	1	1	1	1	1	5	7	8	5	1	2	1	26
91000	91,000	1	1	1	1	3	5	5	4	5	3	6	2	30
92000	92,000	1	1	1	1	3	5	5	4	5	1	8	1	32

Arizona American - Sun City West
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 Schedule H-5
 Page 4b
 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
93000	93000					2	5	4	6	1		9		27
94000	94000				1		4	4	7	3	1	6	2	28
95000	95000					1	1	3	7	5		3		20
96000	96000	1				3	8	4	1	2	1	2		22
97000	97000					1	3	5	5	7	1	3	1	26
98000	98000					1	7	5	5	5	1	2	1	27
99000	99000				1		7	3	4	4	2	6		27
100000	100000	1					2	9	3	2		3		20
101000	101000					1	7	4	5	3	1	8	1	30
102000	102000						8	4	3	5		2		22
103000	103000						1	8	2	3	1	5	1	21
104000	104000						4		1	3	1	1		10
105000	105000					3	2	6	1	5		4	1	22
106000	106000					1	3	7		2		7		25
107000	107000						3	2	7	5		3		13
108000	108000					1	2	3	4	1	1	1		20
109000	109000					1	1	6	3	4		4	1	22
110000	110000					1	5	5	3	3		1		19
111000	111000		1				3	3	1	5	1	6		16
112000	112000	1					4	3	2	3		2	2	21
113000	113000						1	4	6	2		3		16
114000	114000					1	5	3	3	2	1	1		14
115000	115000						6	3	4	1				19
116000	116000						4	3	4	2	1	2		16
117000	117000						4	3	6	3		6		24
118000	118000						8	2	8	2		3	1	11
119000	119000						2	3	3	1		2		15
120000	120000						3	5	4	2		5		22
121000	121000						5	4	3	3	1	2		16
122000	122000				1		2	5	4	4		3		15
123000	123000						3	2	3	3		2		10
124000	124000					1	3	1	4	4		3	1	10
125000	125000							4	1	2		2		10
126000	126000						2	5	2	6				14
127000	127000						2	4	2	5		1		13
128000	128000						1	4	2	5		1		13
129000	129000						1	2	4	1		2		10
130000	130000						2	5	3	1		3		12
131000	131000						4	2	3	1		2		9
132000	132000						1	3	1	1		1		6
133000	133000						1	2	3	2		2		13
134000	134000					1	1	2	3	2		4		5
135000	135000						3	1	3	2				12
136000	136000	1				1		2	5	3		3		9
137000	137000						3	2	1	1	1			10
138000	138000				1		2	3	1	2		2		7
139000	139000						3	2	1	1		1		8
140000	140000						3	3	1	1				

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 Schedule H-5
 Page 4c
 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
141000	141,000	.	.	.	.	.	3	1	.	1	.	.	.	5
142000	142,000	.	.	.	.	.	.	.	1	.	.	2	.	3
143000	143,000	.	.	.	.	.	2	3	.	.	.	2	.	7
144000	144,000	.	.	.	.	.	2	2	2	.	.	3	.	9
145000	145,000	.	.	.	.	.	5	1	1	1	.	3	.	11
146000	146,000	.	.	.	.	.	.	.	2	2	.	1	.	5
147000	147,000	.	.	.	.	.	1	1	1	.	.	1	.	4
148000	148,000	.	.	.	.	.	.	1	.	.	.	3	.	5
149000	149,000	.	.	.	.	.	4	1	.	1	.	1	.	6
150000	150,000	.	.	.	.	.	2	1	3	.	.	.	.	9
151000	151,000	.	.	.	.	.	1	1	2	.	.	2	.	5
152000	152,000	.	.	.	.	.	2	1	3	.	.	1	.	7
153000	153,000	.	.	.	.	.	1	3	.	1	.	.	.	6
154000	154,000	.	.	.	.	.	.	1	.	3	.	1	.	5
155000	155,000	.	.	.	.	.	1	1	4	.	.	1	.	7
156000	156,000	.	.	.	.	.	.	1	2	.	.	.	.	2
157000	157,000	.	.	.	.	.	.	.	1	.	.	.	.	4
158000	158,000	.	.	.	.	.	.	1	1	.	.	2	.	5
159000	159,000	.	.	.	.	.	1	1	1	.	.	3	.	7
160000	160,000	.	.	.	.	.	.	2	2	1	.	1	.	5
161000	161,000	.	.	.	.	.	2	1	.	.	.	1	.	6
162000	162,000	.	.	.	.	.	.	4	2	.	1	1	1	7
163000	163,000	.	.	.	.	.	.	1	3	.	.	.	.	2
164000	164,000	.	.	.	.	.	.	4	.	2	.	1	.	4
165000	165,000	.	.	.	.	.	1	.	.	1	.	.	.	5
166000	166,000	.	.	.	.	.	.	3	1	1	.	.	.	5
167000	167,000	.	.	.	.	.	1	2	.	.	.	.	.	2
168000	168,000	.	.	.	.	.	2	2	1	2	.	1	.	3
169000	169,000	.	.	.	.	.	1	1	1	.	.	.	.	3
170000	170,000	.	.	.	.	.	.	1	.	.	.	.	.	1
171000	171,000	.	.	.	.	.	.	.	2	1	.	.	.	3
172000	172,000	.	.	.	.	.	.	.	.	.	.	1	.	1
173000	173,000	.	.	.	.	.	.	1	.	.	.	1	.	1
174000	174,000	.	.	.	.	.	1	.	.	.	.	.	.	2
175000	175,000	.	.	.	.	.	.	.	.	1	.	1	.	1
176000	176,000	.	.	.	.	.	.	.	.	.	.	.	.	2
177000	177,000	.	.	.	.	.	.	1	1	.	.	.	.	2
178000	178,000	.	.	.	.	.	.	1	1	.	.	.	.	2
179000	179,000	.	.	.	.	.	.	2	.	1	.	1	.	4
180000	180,000	.	.	.	.	.	1	1	.	.	.	.	.	2
181000	181,000	.	.	.	.	.	.	1	.	.	.	1	.	2
182000	182,000	.	.	.	.	.	.	.	.	1	.	.	.	1
183000	183,000	.	.	.	.	.	1	.	1	.	.	.	.	3
184000	184,000	.	.	.	.	.	.	.	1	.	.	.	.	1
185000	185,000	.	.	.	.	.	.	.	1	.	.	.	.	1
186000	186,000	.	.	.	.	.	.	.	1	.	.	.	.	1
187000	187,000	.	.	.	.	.	.	1	.	.	.	.	.	1
188000	188,000	.	.	.	.	.	.	.	1	.	.	.	.	1
189000	189,000	.	.	.	.	.	1	.	1	.	.	.	.	2
190000	190,000	.	.	.	.	.	.	1	.	1	.	.	.	2
191000	191,000	.	.	.	.	.	.	1	.	.	.	1	.	2

Exhibit
Schedule H-5
Page 4d
Witness: Kozoman

[illegible]

Exhibit
Schedule H-5
Page 4e
Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
263000	263,000	.	.	.	.	.	.	.	.	2	.	1	.	3
264000	264,000	.	.	.	.	.	.	.	1	.	.	.	.	1
265000	265,000	.	.	.	1	1	.	.	1	.	.	.	.	1
268000	268,000	.	.	.	.	.	.	1	.	.	.	.	.	1
274000	274,000	.	.	.	.	.	.	1	.	.	.	.	.	1
278000	278,000	.	.	.	.	.	.	1	.	.	.	.	.	1
291000	291,000	.	.	.	.	.	.	1	.	.	.	.	.	1
300000	300,000	.	.	.	.	.	.	1	.	.	.	.	.	1
303000	303,000	.	.	.	.	.	.	.	.	1	.	.	.	1
325000	325,000	.	.	.	.	.	.	.	.	1	.	.	.	1
327000	327,000	.	.	.	.	.	.	.	1	.	.	.	.	1
336000	336,000	.	.	.	.	.	.	.	.	.	.	1	.	1
361000	361,000	.	.	.	.	.	.	.	.	1	.	.	.	1
388000	388,000	.	.	.	.	.	.	1	.	.	.	.	.	1
Totals		459	460	460	460	460	460	459	460	460	460	459	460	5,517
		Average Usage												59,042
		Median Usage												47,000
		Average # Customers												460
		Change in Number of Customers												1

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

WWRE 2 Inch

Exhibit
 Schedule H-5
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 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
0	1,000	2	2	1	1	1	1	6	4	4	5	1	2	30
1,000	2,000		1				1			1	1	1		5
2,000	3,000	1				1	1		2			1		8
3,000	4,000				1		3	2	1			2		11
4,000	5,000		2				1	2	1	2	1	1	1	11
5,000	6,000		1			2	1	1	2	1	1		2	12
6,000	7,000	2			1		1				1	2	1	8
7,000	8,000	1	1	1		3	1		1	1	1	1	1	11
8,000	9,000	1			1	1	2				1			7
9,000	10,000					1	1	1	1	2	1			8
10,000	11,000			1		1	1	1	1		1			6
11,000	12,000		1	1				1	1		1			6
12,000	13,000	1	2	4		2	1	1		1	3	2		20
13,000	14,000			1	1	3	1			2			2	9
14,000	15,000	3	3	1	1	1	1		3	1	1			13
15,000	16,000		1	1	3	3	1	1	2	1			2	14
16,000	17,000		1	1	1		2	1	2	2	2	1	1	10
17,000	18,000			2		1		1		1		3		12
18,000	19,000	5	4		1	1		1	1		2	2	1	18
19,000	20,000	3	3	4		2	1	3			1		1	16
20,000	21,000	1	1	2		1					1		1	11
21,000	22,000	7	1	3	3	2				1	1		2	20
22,000	23,000	3	4	2	1	3	2	1					1	16
23,000	24,000	3	2	3	2	2	1	1	2			4	1	24
24,000	25,000	2	3	1	3		1			1	2		4	16
25,000	26,000	3	2	4	1		1	1				1	3	16
26,000	27,000	2	2	4	3	1	1	1			1		2	17
27,000	28,000	2	1	9	4	1	1	1			1			20
28,000	29,000		4		3		3	2	1	1	1			15
29,000	30,000	2	3	1		2				1	3		1	13
30,000	31,000	3	2	2			1			1	1		1	12
31,000	32,000	4	2	4	2	1	1		1	2		2	1	20
32,000	33,000	1		3	3		2	1	1			1	3	15
33,000	34,000	3	3		4			1						13
34,000	35,000	2	6	4		3			1		1			18
35,000	36,000	2	5	2	2	2		1	1		2		1	20
36,000	37,000	1	5	1	1	1		1	1					10
37,000	38,000	2	3	3	3	4				1				19
38,000	39,000	2	5	4	2			1				1		16
39,000	40,000	4	4	6	4	2		1		2		1	1	27
40,000	41,000	2	3	1	7	2		1	2		3		1	25
41,000	42,000	5	3	6	1	4		2			2			25
42,000	43,000	3	1	2	2	3		1			1	3		20
43,000	44,000	1	5	5	5	1		1			2		2	25
44,000	45,000	2	1	2	2	3		1	4		1	3	4	30
45,000	46,000	4	2	5	3	3		1	1	2	1	4	2	24
46,000	47,000	3	3	2	3	1		4	1	1	2	2	5	31
47,000		4	3	2	4			2	1				1	22

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

WWRE 2 Inch

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 Schedule H-5
 Page 5a
 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
48000	48,000	1	2	4	3	2	1	3	2	3	2	1	2	26
49000	49,000	3	1	2	4	4	4	.	1	3	4	2	2	30
50000	50,000	3	4	.	1	.	.	2	.	1	4	3	6	24
51000	51,000	1	1	3	3	3	1	1	3	3	1	.	2	22
52000	52,000	1	2	2	2	2	3	2	3	1	3	2	6	30
53000	53,000	.	2	4	2	2	2	1	.	.	1	.	3	14
54000	54,000	.	2	1	2	2	2	2	1	5	3	3	2	28
55000	55,000	2	1	1	2	3	1	2	2	1	2	2	1	23
56000	56,000	3	.	.	2	.	3	1	1	2	3	3	3	23
57000	57,000	1	1	1	3	.	2	1	5	2	1	1	2	20
58000	58,000	2	2	1	4	2	2	1	2	3	5	2	2	37
59000	59,000	1	1	1	1	3	3	8	3	2	3	1	4	20
60000	60,000	2	1	1	2	1	1	1	1	3	3	1	2	16
61000	61,000	1	1	.	1	2	1	1	2	4	.	3	2	18
62000	62,000	2	1	1	3	2	3	2	3	1	.	1	2	17
63000	63,000	1	.	.	1	2	1	1	1	.	1	1	1	13
64000	64,000	4	2	1	1	1	1	3	3	1	3	2	1	17
65000	65,000	1	.	1	.	1	.	1	4	1	1	2	2	13
66000	66,000	.	1	1	.	.	1	3	.	1	1	2	1	17
67000	67,000	1	1	1	.	.	2	1	3	6	1	.	2	15
68000	68,000	.	1	.	1	4	3	2	3	2	.	2	1	20
69000	69,000	1	1	1	1	2	2	1	1	3	1	3	6	22
70000	70,000	.	2	.	1	2	2	1	.	1	1	1	.	11
71000	71,000	.	2	.	.	3	2	.	.	3	.	1	.	8
72000	72,000	.	.	.	.	2	2	.	1	3	2	.	3	11
73000	73,000	1	.	1	.	1	1	1	1	3	.	3	.	12
74000	74,000	.	.	.	.	.	2	1	3	3	3	3	1	16
75000	75,000	1	.	.	.	1	1	1	2	.	.	1	4	10
76000	76,000	2	.	1	1	1	1	.	1	2	.	4	1	8
77000	77,000	.	.	1	.	.	1	.	1	.	1	1	1	10
78000	78,000	.	.	1	.	.	1	1	1	.	2	1	1	5
79000	79,000	.	.	.	1	.	1	1	1	.	1	1	2	7
80000	80,000	.	.	.	3	.	.	.	1	3	.	2	.	6
81000	81,000	.	1	.	1	1	1	.	1	1	1	1	1	8
82000	82,000	1	1	.	.	.	2	2	1	1	1	1	1	13
83000	83,000	.	.	.	.	.	3	3	3	.	3	3	1	7
84000	84,000	.	.	.	.	.	.	2	2	2	1	2	.	13
85000	85,000	.	.	.	.	.	2	1	1	2	1	1	1	8
86000	86,000	.	.	1	1	.	1	1	2	.	1	1	1	9
87000	87,000	.	.	.	.	.	3	1	1	.	2	1	.	7
88000	88,000	.	1	.	.	.	.	1	1	.	1	1	1	7
89000	89,000	2	.	.	.	3	1	1	1	.	1	1	1	9
90000	90,000	1	.	.	1	1	3	1	1	1	1	.	1	3
91000	91,000	.	.	.	1	1	.	1	1	1	.	.	1	3
92000	92,000	.	.	.	.	.	.	1	1	1	.	1	1	3

Arizona American - Sun City West
Test Year Ended December 31, 2001
Customer Classification

WWRE 2 Inch

Exhibit
Schedule H-5
Page 5b
Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
93000	93,000			1			1	2		2		1		7
94000	94,000						1	1	1					3
95000	95,000					1		1	1			2		5
96000	96,000					1		1		1	1			5
97000	97,000						3							5
98000	98,000				1			2	1	1				5
99000	99,000					1	1		1	2				5
100000	100,000	1			1				1	2			1	4
101000	101,000						1		1					6
102000	102,000					1		1						2
103000	103,000								1		1			2
104000	104,000								1					2
105000	105,000					1				1				1
106000	106,000							1						2
107000	107,000													1
108000	108,000							1		2				3
109000	109,000				1							1		1
110000	110,000											1		3
111000	111,000												1	1
112000	112,000							2						3
113000	113,000							2		1				2
114000	114,000							1					1	4
115000	115,000									1				3
116000	116,000					1					1			2
117000	117,000							1						2
118000	118,000								1					1
119000	119,000					1				1				5
120000	120,000									2		1		1
122000	122,000						1		1		1			2
123000	123,000						1							1
124000	124,000						1		1		1			3
126000	126,000								1					1
127000	127,000							1						1
129000	129,000								1					1
130000	130,000						1	1						2
131000	131,000													2
133000	133,000							1						2
134000	134,000								1			1		2
135000	135,000					1								1
136000	136,000													1
137000	137,000													1
139000	139,000											2		2
140000	140,000											1		1
141000	141,000												1	1
142000	142,000							1						1
145000	145,000													3
146000	146,000													2
147000	147,000						1							1

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

WWRE 2 Inch

Exhibit
 Schedule H-5
 Page 5c
 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
149000	149,000	.	.	.	.	.	.	.	1	.	.	.	.	1
151000	151,000	.	.	.	.	.	.	1	.	.	.	.	.	1
152000	152,000	.	.	.	.	.	.	1	.	1	.	.	.	2
155000	155,000	.	.	.	.	.	.	.	.	1	.	.	.	1
156000	156,000	.	.	.	.	.	.	.	.	.	.	2	.	2
157000	157,000	.	.	.	.	.	.	.	1	.	.	.	.	1
162000	162,000	.	.	.	.	.	.	.	1	1	.	.	.	2
163000	163,000	.	.	.	.	.	.	1	.	.	2	.	.	3
164000	164,000	.	.	.	.	.	.	.	.	1	.	.	.	1
165000	165,000	.	.	.	.	.	.	1	.	.	.	.	.	1
169000	169,000	.	.	.	.	.	1	.	.	.	.	.	.	1
178000	178,000	.	.	.	.	.	.	1	.	.	.	.	.	1
180000	180,000	.	.	1	.	.	.	.	.	.	.	.	.	1
183000	183,000	.	.	.	.	.	1	.	.	.	.	.	.	1
188000	188,000	.	.	.	.	.	.	.	.	.	.	.	.	1
189000	189,000	.	.	.	.	.	.	1	.	1	.	.	.	1
190000	190,000	.	.	.	.	.	.	.	.	1	.	.	.	2
193000	193,000	.	.	.	.	.	.	.	.	1	.	1	.	2
203000	203,000	.	.	.	.	.	.	.	1	.	.	.	.	1
205000	205,000	.	1	.	.	.	.	.	.	.	.	.	.	1
206000	206,000	.	.	.	.	.	.	.	1	.	.	.	.	1
208000	208,000	.	.	.	.	.	.	.	1	.	.	.	.	1
210000	210,000	1	.	.	.	.	.	.	.	.	.	.	.	1
213000	213,000	.	.	.	.	.	.	.	.	1	.	.	.	1
215000	215,000	.	.	.	.	.	.	1	.	.	.	.	.	1
217000	217,000	.	.	.	.	.	.	1	.	.	.	.	.	1
223000	223,000	.	.	.	.	.	.	.	.	.	.	.	.	1
227000	227,000	.	.	.	.	.	.	.	.	.	.	.	1	1
232000	232,000	.	.	.	.	.	.	.	.	.	.	.	.	1
240000	240,000	.	.	.	1	.	.	.	.	.	.	.	.	1
246000	246,000	.	.	.	.	.	.	1	.	.	.	.	.	2
249000	249,000	.	.	.	.	.	.	.	.	1	.	.	.	1
258000	258,000	1
273000	273,000	1	1
277000	277,000	1	.	1
283000	283,000	1	.	.	.	1
293000	293,000	1	.	.	1

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Schedule H-5
Page 5d
Witness: Kozoman

WWRE 2 Inch

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
326,000	326,000	-	-	-	-	-	-	-	-	-	-	1	-	1
327,000	327,000	-	-	-	-	-	-	-	-	-	-	1	-	1
332,000	332,000	-	-	-	-	1	-	-	-	-	-	-	-	1
344,000	344,000	-	-	-	-	-	-	1	-	-	-	-	-	1
369,000	369,000	-	-	-	-	-	-	-	-	-	1	-	-	1
383,000	383,000	-	-	-	-	-	-	1	-	-	-	-	-	1
406,000	406,000	-	-	-	-	-	-	-	1	-	-	-	-	1
435,000	435,000	-	-	-	-	-	-	-	-	1	-	-	-	1
442,000	442,000	-	-	-	-	-	-	-	-	-	-	-	1	1
Totals		134	134	134	134	134	134	134	134	134	133	133	133	1,605
									Average Usage					55,342
									Median Usage					49,000
									Average # Customers					134
									Change in Number of Customers					(1)

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Witness: Kozoman

[illegible]

Totals	1	1	1	1	1	1	1	1	1	1	1	12
											Average Usage	8,617,167
											Median Usage	8,562,000
											Average # Customers	1
											Change in Number of Customers	.

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Schedule H-5
Page 7
Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
0		37	38	40	40	38	38	37	36	33	35	35	37	444
1000	1,000	6	5	2	3	4	5	6	7	9	4	5	4	60
2000	2,000	2	4	2	1	4	3	2	3	2	6	3	2	34
3000	3,000	4	3	4	1	1	5	4	5	4	4	5	6	46
4000	4,000	3	2	4	5	5	4	6	3	5	5	5	2	49
5000	5,000		1		1	6	1	1	2	3	1	4		20
6000	6,000	5	1	2	1	1	1		1		1		3	16
7000	7,000	1	1	2	1	1	1	1	3	3	3	1	2	20
8000	8,000	2		1	1	2	2		2	3		1		14
9000	9,000		1	1	1	1	2	1			1		1	9
10000	10,000	1	2	2		2			1				2	11
11000	11,000	2	1		3		1	2			1	1	1	12
12000	12,000	1	2	1			1		1	1	3	1	2	13
13000	13,000	1	2	3	1		1	2	1	1	1			13
14000	14,000		1		2			1		1				5
15000	15,000		1	1	1	1					2	1	1	8
16000	16,000						1		1					2
17000	17,000	2	1	1	3				1				1	9
18000	18,000							1			1			2
19000	19,000		1				1							2
20000	20,000						1		1				1	3
21000	21,000		1					1	1			2		4
22000	22,000	1		1	1	1						1		6
23000	23,000	1		1		1	1				1			5
24000	24,000		2		2	1		1		1				7
25000	25,000	1			1	1	1		1					5
26000	26,000		1			1		1		2		3		8
27000	27,000						1	1	1				2	5
28000	28,000	1								1				2
29000	29,000	1		1	1								1	3
30000	30,000		1	1		1	1							5
31000	31,000													1
32000	32,000													1
33000	33,000				1						1			1
34000	34,000				2									3
35000	35,000													
36000	36,000													
37000	37,000													
38000	38,000				1				1	1			1	1
39000	39,000	1		1								1		5
40000	40,000		1											1
41000	41,000						1				1			2
42000	42,000													
43000	43,000													
44000	44,000								1					1
45000	45,000													
46000	46,000													
47000	47,000													

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Witness: Kozoman

WWCL 58 Inch

[illegible]

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

WWCL 1 Inch

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 Schedule H-5
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 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
0		6	6	5	6	5	5	4	4	2	5	3	4	55
1000	1,000	1	2	4	1	2	1		2	2	2		1	18
2000	2,000	3	3	3	1	1	1		1	2	1	2	5	23
3000	3,000	1			1	3	3	2	3				2	17
4000	4,000	3	4	5	3	2	4	3	5	2	6	6	1	44
5000	5,000	2	2	2	2	4	2	3	3	3	3	2	2	30
6000	6,000	1	2	2	1	3	2	3		6	2	2	3	27
7000	7,000	3	2	3	6	1	2	1	3	2	2	1	1	27
8000	8,000	3	1	4	2	3	1	1	1		1	2	2	21
9000	9,000	1	1	1	1	1	2	1		1	2		1	12
10000	10,000	3	6	2	3	1	1	2	1		1			20
11000	11,000	2	4		1	5	1	1			4	1	2	21
12000	12,000	1	4	3	2	6			1	1	3			23
13000	13,000	1	1	4	7	3		3	1	1	1		1	23
14000	14,000	6	2	1	1				2		6	2	1	25
15000	15,000	3	2	2	3		1	1	1	2	2	1	3	21
16000	16,000	2	5	2	2	2	1				1	1		19
17000	17,000		1		1	2	1	2				1	2	10
18000	18,000		2	1	3	2	1		1		1		1	12
19000	19,000	2			1	2	1	1	2	1	1		1	13
20000	20,000	2	2	1	1	2	2	1						11
21000	21,000	3		3	1	1	2	1	2					13
22000	22,000	1	1		3	1		2	1			2	2	13
23000	23,000		1						1	1				3
24000	24,000									2		2	2	6
25000	25,000			1		1			1					12
26000	26,000	1					3	4	2		2			13
27000	27,000				1	1		2	1	2		1	1	9
28000	28,000	1	1	1	1					2				7
29000	29,000						1	1			1		1	4
30000	30,000	1				1		1						6
31000	31,000	2		1	1		1			1		1	1	8
32000	32,000						1			1	1		3	6
33000	33,000	1							1		1		1	5
34000	34,000	1	1	1	1			2		1				8
35000	35,000						1	1						2
36000	36,000		2				1	1				1		7
37000	37,000							1		3				4
38000	38,000		1							4		2	2	9
39000	39,000		1									2	1	7
40000	40,000					1								1
41000	41,000				1				2				2	7
42000	42,000					1			3					1
43000	43,000	1							1			2	2	6
44000	44,000					2		1		1		2		6
45000	45,000													3
46000	46,000											1		2
47000	47,000		1			1	2		1			2		7

Exhibit
Schedule H-5
Page 8a
Witness: Kozoman

WWCL 1 Inch

[illegible]

Arizona American - Sun City West
Test Year Ended December 31, 2001
Customer Classification

WWCL 1 Inch

Exhibit
Schedule H-5
Page 8b
Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
93000	93,000	.	.	.	.	.	.	.	.	.	.	.	.	.
94000	94,000	.	.	.	.	.	.	.	1	.	.	.	.	1
95000	95,000	.	.	.	.	.	.	.	.	.	1	.	.	1
96000	96,000	.	.	.	.	.	.	.	.	.	.	.	.	.
97000	97,000	.	.	.	.	.	.	.	.	.	.	.	.	.
98000	98,000	.	.	.	.	.	.	.	.	.	.	.	.	.
99000	99,000	.	.	.	.	.	.	.	.	.	.	.	.	.
101000	101,000	.	.	.	.	.	1	.	.	.	.	.	.	2
102000	102,000	.	.	.	.	.	.	.	.	.	1	.	.	1
111000	111,000	1	.	.	.	.	.	.	.	.	.	.	.	1
113000	113,000	.	.	.	.	.	.	.	1	.	.	.	.	1
115000	115,000	.	.	.	.	.	1	.	.	.	.	.	.	1
120000	120,000	.	.	.	.	.	.	.	.	.	.	.	.	1
122000	122,000	.	.	.	.	.	.	.	1	.	.	.	.	1
125000	125,000	.	.	1	.	.	.	.	.	.	.	1	.	1
137000	137,000	.	.	.	.	.	.	.	.	.	.	1	.	1
140000	140,000	.	.	.	.	.	.	.	1	.	.	.	.	1
141000	141,000	.	.	.	.	.	.	.	.	1	.	.	.	1
144000	144,000	.	.	.	.	.	.	.	.	.	.	.	.	1
147000	147,000	.	.	.	.	.	.	.	.	1	.	.	.	1
153000	153,000	.	.	.	.	.	.	1	.	.	.	.	.	1
161000	161,000	.	.	.	.	.	.	.	1	.	.	.	.	1
164000	164,000	.	.	.	.	.	2	.	.	.	.	.	.	2
173000	173,000	.	.	.	.	.	.	.	.	1	.	.	.	1
174000	174,000	.	.	.	.	.	.	.	.	.	.	.	.	1
184000	184,000	.	.	.	.	1	.	.	1	.	.	.	.	3
187000	187,000	.	.	.	.	.	.	.	.	1	.	.	.	1
194000	194,000	.	.	.	.	.	.	1	.	.	.	.	.	1
195000	195,000	.	.	.	.	.	.	.	.	1	.	.	.	1
210000	210,000	.	.	.	.	.	.	.	1	.	.	.	.	1
216000	216,000	.	1	.	.	.	.	.	.	.	.	.	.	1
222000	222,000	.	.	.	.	.	.	.	.	.	.	.	.	1
240000	240,000	.	.	.	.	.	.	.	1	.	.	.	.	1
256000	256,000	.	.	.	.	.	.	.	.	.	.	.	1	1
265000	265,000	.	.	.	.	.	.	.	.	.	.	1	.	1
273000	273,000	.	.	.	.	.	1	.	.	.	.	.	.	1
291000	291,000	1	.	.	.	.	.	.	.	.	.	.	.	1
321000	321,000	.	.	.	1	.	.	.	.	.	.	.	.	1

Totals	66	66	66	66	66	66	65	66	69	65	65	65	65	790
														28,108
														15,000
														66
														(1)

Average Usage
Median Usage
Average # Customers
Change in Number of Customers

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

WWOL 1.5 Inch

Exhibit
 Schedule H-5
 Page 9
 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
0														
1000	1,000	2	4	3	1	2	1	1		1	1	2	1	14
2000	2,000	3	1	1	2	4			3	1	2	2	2	19
3000	3,000	1	1	2									4	24
4000	4,000	1	2				3		2	2		3		16
5000	5,000	2	2	3	1	2	6	1	2	3	3			24
6000	6,000	4	5	3	2	1	1	1	2	1	2	1	3	24
7000	7,000	2	4	3	2	1	1	1		1			1	21
8000	8,000	1	1	3	2	1	1	1	2	1				18
9000	9,000	2	1			1			2	2				9
10000	10,000	1		2	1	5	1	1				2	2	11
11000	11,000	4	2	4	2		1		1	3	5	1	2	27
12000	12,000	1	1	2		2	1	1	1	1	4		2	20
13000	13,000	2	4	2	2	2	2	2	4	4	2		3	25
14000	14,000		3	3	2		3	4	2	3			2	29
15000	15,000	1	3	1	5		1	5		1	1	2	1	20
16000	16,000	2	3	1	1	2	4		1	2	2		2	19
17000	17,000	2	3	3	4	2	1		4					19
18000	18,000	3		4		1			3	2	3	1	2	16
19000	19,000	2	3	1	1	1		3		1	1			21
20000	20,000	1	3	4	1	1			2	1				16
21000	21,000		1	2		2	2							13
22000	22,000		2	2	1	1	1	2	2	1	1	3	1	11
23000	23,000		2	2	3	1				1	1	1	4	20
24000	24,000				2	4	1		2	1	1		1	11
25000	25,000	2	1	1	1	3							2	10
26000	26,000	1	3	1	2	1								8
27000	27,000	3	1		2					1	1		1	7
28000	28,000	1		1	2	1					1	1	2	8
29000	29,000	1	1	1						2				4
30000	30,000		2		1				1		1			7
31000	31,000				1			1				1		8
32000	32,000	3							1		1		1	8
33000	33,000		1	1			2				3		1	9
34000	34,000		1	3		1					2		2	11
35000	35,000		1	1	1		1	2	1		1			4
36000	36,000	1			1	1		1				1		3
37000	37,000				1								1	3
38000	38,000			1		1				1		2		7
39000	39,000									2				5
40000	40,000										1		1	5
41000	41,000													7
42000	42,000			1		1			2		1			5
43000	43,000								1		2			2
44000	44,000												1	3
45000	45,000				1								1	2
46000	46,000										2			7
47000	47,000			1		1			1				2	4

Exhibit
Schedule H-5
Page 9a
Witness: Kozoman

WWCL 1.5 inch

[illegible]

Exhibit
Schedule H-5
Page 9b
Witness: Kozoman

WWCL 1.5 Inch

[illegible]

Exhibit
Schedule H-5
Page 9c
Witness: Kozoman

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Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
173000	173,000					1							1	1
174000	174,000						1							1
176000	176,000				1			1						1
177000	177,000													2
178000	178,000									1				1
179000	179,000								1			1		2
180000	180,000			1										2
181000	181,000					1								2
182000	182,000				1									1
183000	183,000	1												1
184000	184,000										1			1
187000	187,000									1				1
188000	188,000													1
189000	189,000						1							1
190000	190,000													1
197000	197,000												1	1
203000	203,000											1		1
207000	207,000				1		1						1	3
209000	209,000			1										1
210000	210,000			1										1
211000	211,000													1
213000	213,000								2					2
215000	215,000											1		2
217000	217,000											1		1
221000	221,000							1						1
222000	222,000		1											1
225000	225,000	1												1
228000	228,000													1
229000	229,000												1	1
236000	236,000	1												1
241000	241,000													1
243000	243,000							1	1				1	2
244000	244,000		1											2
246000	246,000							1						1
247000	247,000			1										1
248000	248,000													1
249000	249,000						1			1				1
251000	251,000								1					1
252000	252,000							1						1
264000	264,000													2
266000	266,000										1			2
267000	267,000						1			1				1
269000	269,000													1
272000	272,000	1				1								2
273000	273,000			1				1	1					3
274000	274,000										1			1
284000	284,000						1			1		1		2
285000	285,000													1

Arizona American - Sun City West
Test Year Ended December 31, 2001
Customer Classification

WWCL 1.5 Inch

Exhibit
Schedule H-5
Page 9d
Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
290000	290,000	.	.	.	.	.	.	.	.	1	.	.	.	1
291000	291,000	.	1	.	.	.	.	.	.	.	.	.	.	1
298000	298,000	.	.	.	.	1	.	.	.	.	.	.	.	1
300000	300,000	.	.	.	.	.	.	.	.	.	.	.	1	1
310000	310,000	.	.	.	1	.	.	.	.	.	.	.	.	1
315000	315,000	1	.	.	.	.	.	.	.	.	.	.	.	2
320000	320,000	.	.	.	1	.	.	.	.	.	.	.	.	1
333000	333,000	.	.	.	.	.	.	.	.	.	.	.	.	1
335000	335,000	.	.	.	.	.	.	.	.	.	.	.	.	1
347000	347,000	.	.	.	.	.	.	.	.	.	.	.	.	1
359000	359,000	.	.	.	.	.	.	.	.	.	.	.	.	1
361000	361,000	.	.	.	.	.	.	.	.	1	.	.	.	1
378000	378,000	.	.	.	1	.	.	.	.	1	.	.	.	1
387000	387,000	.	.	.	.	.	.	.	.	.	.	.	.	1
398000	398,000	.	.	.	.	.	.	.	.	1	.	.	.	1
402000	402,000	.	.	.	.	.	.	.	.	.	.	.	.	1
427000	427,000	.	.	.	.	.	.	.	.	.	.	.	.	1
432000	432,000	.	.	.	.	.	1	.	.	.	1	.	.	1
447000	447,000	.	.	.	.	.	.	.	.	.	.	.	.	1
480000	480,000	.	.	.	.	.	.	1	.	1	.	.	.	1
498000	498,000	.	.	.	.	.	.	.	.	.	.	.	.	1
543000	543,000	.	.	.	.	.	.	.	.	.	.	.	.	1
558000	558,000	.	.	.	.	.	.	.	.	.	.	.	.	1
587000	587,000	.	.	.	.	.	.	1	.	.	.	.	.	1
Totals		69	69	68	68	68	68	68	70	70	69	70	70	828
														56,383
														21,000
														69
														1

Average Usage
Median Usage
Average # Customers
Change in Number of Customers

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

WWCL 2 Inch

Exhibit
 Schedule H-5
 Page 10
 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
0		10	12	12	6	6	4	3	4	5	6	4	3	75
1000	1,000	2	5	6	7	1	2	4	4	2	1	2	4	40
2000	2,000	5	4	5	4	7	4	5	3	6	2	3	3	51
3000	3,000	3	1	4	5	2	6	2	5	5	5	3	3	44
4000	4,000	3	2	6	2	2	4	3	5	2	6	3	2	40
5000	5,000	4	6	4	4	3	2	1	4	2	4	4	3	41
6000	6,000	5	6	3	5	4	4	.	1	2	3	4	6	43
7000	7,000	3	2	2	1	1	2	1	4	3	1	2	1	23
8000	8,000	2	3	3	1	1	.	2	2	3	1	.	2	19
9000	9,000	1	1	.	.	3	1	.	2	1	2	.	.	11
10000	10,000	.	2	1	2	4	1	4	2	.	1	.	2	19
11000	11,000	.	2	1	1	2	.	2	1	.	.	3	.	12
12000	12,000	1	2	1	1	2	2	1	1	2	2	1	1	21
13000	13,000	1	2	4	3	4	1	2	2	1	1	1	3	20
14000	14,000	1	4	1	1	2	1	1	.	2	2	1	1	16
15000	15,000	1	.	2	.	2	1	2	1	.	3	1	1	13
16000	16,000	2	3	2	2	2	1	.	1	.	.	1	.	12
17000	17,000	1	.	1	1	1	1	4	1	1	4	3	2	20
18000	18,000	.	.	.	3	2	4	.	.	1	2	.	1	13
19000	19,000	1	.	1	1	1	1	1	.	1	1	.	2	10
20000	20,000	1	2	2	2	1	.	.	.	3	1	1	2	18
21000	21,000	1	4	1	1	1	3	.	.	.	1	1	2	12
22000	22,000	1	.	1	1	.	.	.	2	.	.	.	2	10
23000	23,000	.	1	1	2	1	2	.	1	.	1	.	3	10
24000	24,000	1	2	2	.	1	1	1	.	2	1	.	.	13
25000	25,000	1	2	1	1	1	1	1	2	2	.	.	1	12
26000	26,000	2	.	1	1	2	2	1	1	.	2	.	.	12
27000	27,000	.	1	1	.	.	.	2	.	2	1	.	.	6
28000	28,000	3	1	1	3	3	.	1	2	.	1	1	2	13
29000	29,000	1	1	1	.	1	3	1	.	.	1	.	.	13
30000	30,000	1	.	1	.	2	2	.	.	1	1	.	.	8
31000	31,000	1	1	2	.	2	.	3	1	1	.	.	.	8
32000	32,000	.	2	2	.	1	.	.	3	.	2	2	1	14
33000	33,000	2	1	.	1	.	2	.	1	.	3	2	.	14
34000	34,000	.	2	.	1	.	1	.	.	.	2	1	2	9
35000	35,000	.	3	1	.	.	1	.	.	.	1	.	.	9
36000	36,000	1	1	1	1	1	1	1	2	.	.	2	4	14
37000	37,000	1	.	.	2	.	.	2	.	1	1	.	1	8
38000	38,000	.	.	1	.	.	.	1	4	1	1	.	.	8
39000	39,000	1	.	1	.	.	1	1	1	2	.	1	1	7
40000	40,000	1	.	1	3	.	.	2	1	.	.	2	1	11
41000	41,000	1	.	1	.	.	.	1	.	1	.	1	.	4
42000	42,000	1	1	2	.	.	.	.	2	1	.	4	2	14
43000	43,000	.	.	1	1	.	.	.	.	2	1	.	2	7
44000	44,000	.	2	1	1	.	.	.	.	2	1	1	.	10
45000	45,000	2	1	1	2	1	2	.	.	1	2	.	.	7
46000	46,000	.	.	.	.	.	3	.	.	1	1	1	.	7
47000	47,000	2	.	.	.	.	.	1	.	1	.	.	1	5

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

WWCL 2 Inch

Exhibit
 Schedule H-5
 Page 10a
 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
48000	48,000	1		1		1		1		3			1	6
49000	49,000		1					2						7
50000	50,000				1		1				1	1	1	5
51000	51,000			1	1		1				1			4
52000	52,000	2		1							1			6
53000	53,000				2	1						1		5
54000	54,000				1	1						1		3
55000	55,000	2		1		2						1		7
56000	56,000	1			1			1			1		1	6
57000	57,000	2	1						1		1		1	6
58000	58,000	1				1	2					2	1	8
59000	59,000							1	1					4
60000	60,000	1			1			1	1	1				5
61000	61,000								1					7
62000	62,000			1										4
63000	63,000		1								1			2
64000	64,000					2		2						6
65000	65,000				1									1
66000	66,000													1
67000	67,000													3
68000	68,000													2
69000	69,000	1			1									1
70000	70,000				2			1				2		5
71000	71,000		1			2		1	1					4
72000	72,000	1		1										6
73000	73,000	1												4
74000	74,000					1								5
75000	75,000			2										3
76000	76,000			1										4
77000	77,000	1				2		1			3			7
78000	78,000		1		1								1	4
79000	79,000								1	1				3
80000	80,000		1											2
81000	81,000									1				2
82000	82,000	1							1			2		4
83000	83,000							1						4
84000	84,000	1												1
85000	85,000													3
86000	86,000								1			1		3
87000	87,000									1				1
88000	88,000													2
89000	89,000	2				1			1					6
90000	90,000		1		1				1					3
91000	91,000		1					1			1			3
92000	92,000	1								1			1	4

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

WWCL 2 Inch

Exhibit
 Schedule H-5
 Page 10b
 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
93000	93,000	.	.	1	.	.	.	.	1	.	.	.	.	2
94000	94,000	.	1	.	1	.	.	1	.	2	.	.	.	8
95000	95,000	.	.	.	.	.	.	.	.	2	.	.	.	3
96000	96,000	.	.	.	.	.	.	.	.	.	.	.	.	.
97000	97,000	.	.	1	.	.	2	.	.	.	1	.	.	6
98000	98,000	.	.	1	.	.	.	1	.	.	.	.	1	1
99000	99,000	.	.	.	.	.	.	.	.	.	.	.	.	4
101000	101,000	.	.	.	.	.	.	.	1	.	.	.	1	1
102000	102,000	.	.	.	.	1	.	1	.	.	.	.	1	1
103000	103,000	.	1	.	.	.	.	1	.	.	.	.	1	1
104000	104,000	.	.	.	.	.	.	.	.	.	.	.	1	1
105000	105,000	.	.	.	.	.	.	.	.	.	.	.	.	4
106000	106,000	.	.	.	.	.	.	.	.	.	.	.	.	1
107000	107,000	.	.	.	.	.	.	1	.	.	.	.	.	1
108000	108,000	.	.	.	.	.	.	.	.	.	.	.	.	1
109000	109,000	.	.	.	.	.	.	.	.	.	.	.	.	1
110000	110,000	.	.	.	.	.	.	.	1	1	.	.	.	1
111000	111,000	.	1	.	.	.	.	.	.	.	.	.	.	1
112000	112,000	1	.	.	.	.	.	.	.	.	.	.	.	1
113000	113,000	.	1	.	.	2	.	.	.	.	.	.	.	1
114000	114,000	.	.	.	.	.	.	.	.	.	.	.	.	1
115000	115,000	1	.	.	.	.	.	1	.	.	.	.	.	1
116000	116,000	.	.	.	.	1	.	.	.	.	.	.	.	1
117000	117,000	.	.	.	.	.	.	.	.	.	.	.	.	1
118000	118,000	.	.	.	.	.	.	.	.	.	.	.	.	1
119000	119,000	.	.	.	.	.	.	.	.	.	.	.	.	1
120000	120,000	.	1	.	.	.	.	.	1	.	.	.	.	1
121000	121,000	.	.	.	.	1	.	.	.	1	.	.	.	1
122000	122,000	1	.	.	.	.	.	.	.	.	.	.	.	1
123000	123,000	1	.	.	1	.	.	1	.	.	.	.	.	1
124000	124,000	1	.	.	.	1	.	.	.	.	.	.	.	1
125000	125,000	.	.	.	.	.	.	.	.	2	.	.	.	1
126000	126,000	.	.	.	.	.	.	.	.	.	.	.	.	1
127000	127,000	.	1	.	.	1	.	.	.	.	1	.	.	1
129000	129,000	.	.	1	.	.	.	.	.	2	.	.	.	1
130000	130,000	.	.	.	.	.	.	.	.	.	.	.	.	1
131000	131,000	.	.	1	.	.	.	.	.	.	.	.	.	1
132000	132,000	.	.	.	.	.	.	.	.	.	.	.	.	1
133000	133,000	.	.	.	.	.	.	.	.	.	.	.	.	1
135000	135,000	.	.	.	.	1	.	.	.	.	.	.	.	1
136000	136,000	.	.	.	.	.	.	.	.	.	.	.	.	1
137000	137,000	1	.	.	.	3	.	.	.	.	.	.	.	1
140000	140,000	.	.	.	.	.	.	.	.	.	.	.	.	1
141000	141,000	.	.	.	.	.	.	.	.	.	.	.	.	1
142000	142,000	1	.	.	.	.	.	.	.	.	.	.	.	1
143000	143,000	.	.	.	.	1	.	.	.	.	.	.	.	1
144000	144,000	.	.	.	.	.	.	.	.	.	.	.	.	1
145000	145,000	.	.	.	.	.	.	.	.	1	.	.	.	1

Exhibit
Schedule H-5
Page 10c
Witness: Kozoman

WWCL 2 Inch

[illegible]

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

WWCL 2 Inch

Exhibit
 Schedule H-5
 Page 10d
 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
215000	215,000	.	.	.	.	.	.	.	.	.	1	.	.	1
216000	216,000	.	.	.	1	.	.	.	.	1	.	.	.	2
217000	217,000	.	.	.	.	.	.	1	.	.	.	.	.	1
218000	218,000	.	.	.	.	.	.	.	.	.	.	.	2	2
220000	220,000	.	.	.	.	.	1	.	.	.	.	.	.	1
221000	221,000	.	.	.	.	.	1	.	.	.	.	.	.	1
223000	223,000	.	.	.	.	.	.	.	.	1	.	.	.	3
224000	224,000	.	.	1	.	.	.	.	.	.	.	1	.	2
228000	228,000	.	.	.	.	1	.	.	.	.	.	.	.	1
229000	229,000	.	.	.	1	.	.	.	.	.	.	.	.	1
231000	231,000	.	.	.	.	.	.	.	.	.	.	.	.	1
233000	233,000	.	.	.	.	.	.	.	.	.	1	.	.	1
234000	234,000	.	.	.	.	.	1	.	.	.	.	.	.	1
236000	236,000	.	.	.	.	.	.	1	.	.	.	.	.	2
237000	237,000	1	.	.	.	.	.	.	.	.	.	.	.	1
239000	239,000	.	.	.	.	.	.	.	.	1	.	.	.	2
241000	241,000	.	.	.	.	.	.	.	.	.	1	.	.	2
243000	243,000	.	.	.	.	.	.	.	1	.	.	.	.	1
244000	244,000	.	.	1	.	.	.	.	.	.	.	.	.	1
245000	245,000	.	.	.	.	.	.	.	.	.	.	.	.	1
247000	247,000	1	.	.	.	.	1	.	.	.	.	.	.	2
248000	248,000	.	.	.	.	.	.	.	.	.	.	.	.	1
249000	249,000	.	.	.	.	.	.	.	.	.	.	.	1	2
250000	250,000	.	.	.	.	.	.	.	.	1	.	.	.	2
251000	251,000	.	.	.	.	.	.	.	.	.	.	.	.	1
257000	257,000	.	.	.	.	.	.	.	1	.	.	.	.	1
259000	259,000	.	.	.	.	.	.	.	1	.	.	.	.	1
261000	261,000	.	.	.	.	.	.	.	1	.	.	.	.	1
263000	263,000	.	.	.	.	.	.	.	.	.	.	.	.	1
265000	265,000	.	.	.	.	.	.	.	.	.	.	.	.	2
267000	267,000	.	.	.	.	1	.	.	1	.	.	.	.	1
268000	268,000	.	.	.	.	.	.	1	.	.	.	.	.	1
269000	269,000	.	.	.	.	1	.	.	.	.	.	.	.	1
272000	272,000	.	.	.	.	.	1	1	.	.	.	.	.	3
274000	274,000	.	.	.	.	.	.	.	.	.	.	.	.	1
275000	275,000	.	.	.	.	.	.	.	.	.	.	.	.	1
276000	276,000	.	1	.	.	.	.	.	.	.	.	.	.	2
278000	278,000	.	.	.	.	.	1	.	.	.	.	.	1	1
279000	279,000	.	.	.	.	.	.	.	.	.	.	.	.	1
280000	280,000	.	.	.	.	.	.	.	.	.	.	.	.	1
282000	282,000	.	.	.	1	.	.	.	.	.	.	.	.	1
283000	283,000	.	.	.	.	.	.	.	.	.	.	.	.	1
287000	287,000	.	.	.	.	.	.	.	.	.	.	.	.	1
288000	288,000	.	.	.	.	.	.	.	.	.	.	.	.	2
289000	289,000	.	.	.	.	.	.	.	.	.	.	.	.	1
292000	292,000	.	.	.	.	.	1	.	.	.	.	.	.	1
298000	298,000	.	.	.	.	.	.	.	.	.	.	.	.	1
299000	299,000	.	.	.	.	1	.	.	.	.	.	.	.	1

Arizona American - Sun City West
Test Year Ended December 31, 2001
Customer Classification

WWCL 2 Inch

Exhibit
Schedule H-5
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Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
300000	300,000	.	.	.	.	.	1	1	.	.	.	.	.	3
301000	301,000	.	.	.	.	.	.	.	1	.	.	.	.	1
304000	304,000	.	.	.	.	.	.	1	.	.	.	.	.	1
305000	305,000	.	.	.	.	.	.	.	1	.	.	.	.	1
311000	311,000	.	.	.	.	.	.	.	.	1	.	.	.	1
313000	313,000	.	.	.	.	.	.	.	.	.	1	.	.	1
320000	320,000	.	.	.	.	.	.	1	.	.	.	.	.	1
321000	321,000	.	.	.	.	.	.	.	1	.	.	.	.	1
322000	322,000	.	.	.	1	.	.	.	.	.	.	.	.	1
323000	323,000	.	.	.	.	.	.	.	.	.	.	.	.	1
327000	327,000	.	1	.	.	.	.	.	.	1	.	.	.	2
330000	330,000	.	.	.	.	.	.	.	1	.	.	.	.	2
337000	337,000	.	.	.	.	.	.	.	1	.	.	.	.	1
341000	341,000	.	.	.	.	.	.	1	.	.	.	.	.	1
342000	342,000	.	.	.	.	.	.	.	.	.	.	.	.	1
348000	348,000	.	.	.	.	.	.	1	.	.	.	.	.	1
351000	351,000	.	.	.	.	.	.	.	1	.	.	.	.	1
353000	353,000	.	.	.	.	.	.	.	.	1	.	.	.	1
364000	364,000	.	.	.	.	.	.	.	.	.	.	1	.	1
366000	366,000	.	.	.	.	.	.	.	.	.	.	.	.	1
368000	368,000	.	.	.	.	.	.	.	.	.	.	.	.	1
378000	378,000	1	.	.	.	.	.	.	.	.	.	.	1	2
384000	384,000	1	.	.	.	.	.	.	.	.	.	.	.	1
388000	388,000	.	.	.	.	.	.	.	.	1	.	.	.	1
394000	394,000	.	.	1	.	.	.	.	.	.	.	.	.	1
397000	397,000	.	.	.	.	.	.	.	.	.	.	.	1	1
410000	410,000	.	.	.	.	.	.	.	.	.	.	.	.	1
413000	413,000	.	.	.	.	.	.	.	.	1	.	.	.	1
418000	418,000	.	1	.	.	.	.	.	.	.	.	.	.	1
419000	419,000	.	.	.	.	.	.	.	.	.	.	.	.	1
425000	425,000	.	.	.	.	.	.	.	.	.	.	.	.	1
428000	428,000	.	.	.	.	.	.	.	.	.	.	.	.	1
435000	435,000	.	.	.	.	.	.	.	.	.	.	.	.	1
438000	438,000	.	.	.	.	.	.	.	.	.	.	.	.	1
446000	446,000	.	.	.	.	.	.	.	1	.	.	.	.	1
451000	451,000	.	.	.	.	.	.	.	.	1	.	.	.	1
461000	461,000	1	.	.	.	.	.	.	.	.	.	1	.	3
465000	465,000	.	.	.	.	.	.	.	.	.	.	.	.	1
466000	466,000	.	.	.	.	.	.	.	.	.	.	.	.	1
467000	467,000	.	.	.	.	.	.	.	.	.	.	.	.	1
468000	468,000	.	.	.	1	.	.	.	.	.	.	.	.	1
490000	490,000	.	.	.	.	.	.	.	.	.	.	.	.	1
491000	491,000	.	.	.	1	.	.	.	.	.	.	.	.	1
497000	497,000	.	.	.	.	.	.	.	.	.	.	.	.	1
504000	504,000	.	.	.	.	.	.	.	.	.	.	.	1	1
508000	508,000	.	.	.	.	.	.	.	.	.	.	.	.	1
513000	513,000	.	.	.	.	.	.	.	.	.	.	.	.	1
541000	541,000	.	.	.	.	1	.	.	.	.	.	.	1	1

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

WWCL 2 Inch

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 Schedule H-5
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 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
544000	544,000	.	.	.	.	.	.	.	.	.	1	.	.	1
560000	560,000	.	.	.	.	.	.	.	.	1	1	.	.	1
561000	561,000	.	.	1	.	.	.	.	.	.	.	.	.	2
562000	562,000	.	.	.	.	.	1	.	.	.	.	.	.	1
564000	564,000	.	.	.	.	.	.	.	.	1	.	.	.	1
565000	565,000	.	.	.	.	.	.	.	.	.	.	.	.	1
567000	567,000	.	1	.	.	.	.	.	.	.	.	.	.	1
568000	568,000	.	.	.	.	.	.	.	1	.	.	.	.	1
582000	582,000	.	.	.	.	1	.	.	.	.	.	.	.	1
591000	591,000	1	.	.	.	.	.	.	.	.	.	.	.	1
595000	595,000	.	.	.	.	.	.	1	.	.	.	.	.	1
596000	596,000	.	.	.	.	.	1	.	.	.	.	.	.	1
597000	597,000	.	.	1	.	1	.	.	1	1	.	.	.	1
599000	599,000	.	.	.	.	.	.	.	.	.	.	.	.	3
603000	603,000	.	1	.	.	.	.	.	.	.	.	.	.	1
620000	620,000	.	.	.	.	.	.	.	.	.	.	.	.	1
626000	626,000	.	.	.	.	.	.	.	.	.	.	.	.	1
637000	637,000	.	.	.	.	.	.	.	1	.	.	.	.	1
643000	643,000	.	.	.	.	1	.	.	.	.	.	.	.	1
647000	647,000	.	.	.	.	.	.	.	.	.	.	.	.	1
650000	650,000	.	.	.	1	.	1	.	.	.	.	.	.	1
654000	654,000	1	.	.	.	.	.	.	.	.	.	.	.	1
663000	663,000	.	.	.	.	.	.	1	.	.	.	.	.	1
664000	664,000	.	.	.	.	.	1	.	.	.	.	.	.	1
669000	669,000	.	.	.	.	.	.	1	.	.	.	.	.	1
671000	671,000	.	.	.	.	.	.	1	.	.	.	.	.	1
673000	673,000	.	.	.	.	.	.	.	.	1	.	.	.	1
675000	675,000	1	.	.	.	.	.	.	.	.	.	.	.	1
677000	677,000	.	.	.	.	.	.	.	1	.	.	.	.	1
682000	682,000	.	.	.	1	.	.	.	.	.	.	.	.	1
692000	692,000	.	1	.	.	.	.	.	.	.	.	.	.	1
696000	696,000	.	.	.	.	.	.	.	.	.	.	.	.	1
721000	721,000	.	.	.	.	.	.	.	1	.	.	.	.	1
722000	722,000	.	.	.	.	.	.	.	.	.	1	.	.	1
726000	726,000	.	.	.	1	1	.	.	1	2
739000	739,000	1	1
752000	752,000	1	.	.	.	1
758000	758,000	1	1
764000	764,000	1	1

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Witness: Kozoman

[illegible]

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Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
0	1,000	6	6	7	4	4	4	4	5	4	4	3	3	54
1000	2,000	1	1	1	1	1	1	1	1	1	1	1	2	4
2000	3,000	1	1	1	1	1	1	2	2	1	1	1	1	5
3000	4,000	1	1	1	1	1	1	1	1	1	1	1	1	12
4000	5,000	1	1	1	1	1	1	1	1	1	1	1	1	4
5000	6,000	1	1	1	1	1	1	1	1	1	1	1	1	4
6000	7,000	1	1	1	1	1	1	1	1	1	1	1	1	2
7000	8,000	1	1	1	1	1	1	1	1	1	1	1	1	2
8000	9,000	1	1	1	1	1	1	1	1	1	1	1	1	4
9000	10,000	1	1	1	1	1	1	1	1	1	1	1	2	4
10000	11,000	1	1	1	1	1	2	1	1	1	1	1	1	4
11000	12,000	1	1	1	1	1	1	1	1	1	1	1	1	3
12000	13,000	1	1	1	1	1	1	1	1	1	1	1	1	3
13000	14,000	1	1	1	1	1	1	1	1	1	1	1	1	3
14000	15,000	1	1	1	1	1	1	1	1	1	1	1	1	3
15000	16,000	1	1	2	1	1	1	1	1	1	1	1	1	1
16000	17,000	1	1	1	1	1	1	1	1	1	1	1	1	3
17000	18,000	1	1	1	1	1	1	1	1	1	1	1	1	3
18000	19,000	1	1	1	1	1	1	1	1	1	1	1	1	2
19000	20,000	1	1	1	1	1	1	1	1	1	1	1	1	1
20000	21,000	1	1	1	1	1	1	1	1	1	1	1	1	1
21000	22,000	1	1	1	1	1	1	1	1	1	1	1	1	1
22000	23,000	1	1	1	1	1	1	1	1	1	1	1	1	1
23000	24,000	1	1	1	1	1	1	1	1	1	1	1	1	1
24000	25,000	1	1	1	1	1	1	1	1	1	1	1	1	1
25000	26,000	1	1	1	1	1	1	1	1	1	1	1	1	1
26000	27,000	1	1	1	1	1	1	1	1	1	1	1	1	1
27000	28,000	1	1	1	1	1	1	1	1	1	1	1	1	1
28000	29,000	1	1	1	1	1	1	1	1	1	1	1	1	1
29000	30,000	1	1	1	1	1	1	1	1	1	1	1	1	2
30000	31,000	1	1	1	1	1	1	1	1	1	1	1	1	1
31000	32,000	1	1	1	1	1	1	1	1	1	1	1	1	1
32000	33,000	1	1	1	1	1	1	1	1	1	1	1	1	1
33000	34,000	1	1	1	1	1	1	1	1	1	1	1	1	1
34000	35,000	1	1	1	1	1	1	1	1	1	1	1	1	1
35000	36,000	1	1	1	1	1	1	1	1	1	1	1	1	1
36000	37,000	1	1	1	1	1	1	1	1	1	1	1	1	1
37000	38,000	1	1	1	1	1	1	1	1	1	1	1	1	1
38000	39,000	1	1	1	1	1	1	1	1	1	1	1	1	1
39000	40,000	1	1	1	1	1	1	1	1	1	1	1	1	1
40000	41,000	1	1	1	1	1	1	1	1	1	1	1	1	1
41000	42,000	1	1	1	1	1	1	1	1	1	1	1	1	1
42000	43,000	1	1	1	1	1	1	1	1	1	1	1	1	1
43000	44,000	1	1	1	1	1	1	1	1	1	1	1	1	1
44000	45,000	1	1	1	1	1	1	1	1	1	1	1	1	1
45000	46,000	1	1	1	1	1	1	1	1	1	1	1	1	1
46000	47,000	1	1	1	1	1	1	1	1	1	1	1	1	1
47000	47,000	1	1	1	1	1	1	1	1	1	1	1	1	1

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Witness: Kozoman

11a

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
48000	48,000													
49000	49,000													
50000	50,000													
51000	51,000													
52000	52,000													
53000	53,000													
54000	54,000													
55000	55,000													
56000	56,000													
57000	57,000								1					1
58000	58,000												1	1
59000	59,000													
60000	60,000													
61000	61,000													
62000	62,000													
63000	63,000													
64000	64,000					1								1
65000	65,000													
66000	66,000													
67000	67,000													
68000	68,000													
69000	69,000													
70000	70,000													
71000	71,000													
72000	72,000													
73000	73,000													
74000	74,000													
75000	75,000							1						1
76000	76,000													
77000	77,000													
78000	78,000													
79000	79,000													
80000	80,000													
81000	81,000													
82000	82,000													
83000	83,000													
84000	84,000	1										1		1
85000	85,000												1	1
86000	86,000													
87000	87,000													
88000	88,000													
89000	89,000													
90000	90,000					1								1
91000	91,000		1											1
92000	92,000							1						1

Exhibit
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WWCL 3 Inch

[illegible]

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

WWCL 3 Inch

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 Schedule H-5
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 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
1082000	1,082,000	.	.	1	.	.	.	.	.	.	.	.	.	1
1103000	1,103,000	.	1	.	.	.	.	.	.	.	.	.	.	1
1165000	1,165,000	.	.	.	1	.	.	.	.	.	.	.	.	1
1448000	1,448,000	.	.	.	.	1	.	.	.	.	.	.	.	1
1506000	1,506,000	.	.	.	1	.	.	.	.	.	.	.	.	1
1523000	1,523,000	.	.	.	.	.	1	.	.	.	.	.	.	1
1531000	1,531,000	.	.	.	.	.	.	.	.	.	.	.	1	1
1606000	1,606,000	.	.	.	.	.	.	.	.	.	1	.	.	1
1810000	1,810,000	.	.	.	.	.	.	.	.	.	.	1	.	1
1946000	1,946,000	.	.	.	.	.	1	.	.	.	.	.	.	1
2032000	2,032,000	.	.	.	.	.	.	.	1	.	.	.	.	1
2059000	2,059,000	.	.	.	.	.	.	1	.	.	.	.	.	1
2299000	2,299,000	.	.	.	.	.	.	.	.	1	.	.	.	1
Totals		17	17	17	14	15	16	16	15	14	16	14	14	185

Average Usage
 Median Usage
 Average # Customers
 Change in Number of Customers

185,076
 11,000
 15
 (3)

Exhibit
Schedule H-5
Page 12
Witness: Kozoman

WWCL 4 Inch

[illegible][illegible]

Arizona American - Sun City West
Test Year Ended December 31, 2001
Customer Classification

WWCL 6 Inch

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Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
193000	193000	.	.	.	.	.	.	.	1	.	.	1	.	1
194000	194000	.	.	.	.	.	.	1	.	.	.	1	.	1
234000	234000	.	.	.	.	.	.	.	.	1	.	.	.	2
237000	237000	.	.	.	.	.	.	.	.	.	.	.	.	1
239000	239000	.	.	1	.	.	.	.	.	.	.	.	.	1
250000	250000	.	.	.	.	.	.	.	.	.	.	.	1	1
251000	251000	.	.	.	.	1	.	.	.	.	.	.	.	1
255000	255000	.	.	.	.	.	1	.	.	.	.	.	.	1
257000	257000	.	1	.	.	.	.	.	.	.	.	.	.	1
276000	276000	.	.	.	.	.	.	.	.	.	.	.	.	1
281000	281000	1	.	.	.	.	.	.	.	.	.	.	.	1
Totals		1	1	1	1	1	1	1	1	1	1	1	1	12

Average Usage
Median Usage
Average # Customers
Change in Number of Customers

241,750
239,000
1

WFLA 4

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Witness: Kozoman

[illegible]

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Schedule H-5
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Witness: Kozoman

WFLA 6

Usage From:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
Usage To:	20	22	21	21	21	21	21	21	24	23	22	23	261
Totals	20	22	21	21	21	21	21	21	24	23	22	23	261
										Average Usage			
										Median Usage			
										Average # Customers			22
										Change in Number of Customers			2

Arizona American - Sun City West
 Test Year Ended December 31, 2001
 Customer Classification

WFLA 8

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 Schedule H-5
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 Witness: Kozoman

Usage From:	Usage To:	Month of Jan-01	Month of Feb-01	Month of Mar-01	Month of Apr-01	Month of May-01	Month of Jun-01	Month of Jul-01	Month of Aug-01	Month of Sep-01	Month of Oct-01	Month of Nov-01	Month of Dec-01	Total Year
		7	7	7	7	7	7	7	7	7	7	7	7	84

Totals

7	7	7	7	7	7	7	7	7	7	7	7	7	7	84
---	---	---	---	---	---	---	---	---	---	---	---	---	---	----

Average Usage
 Median Usage
 Average # Customers
 Change in Number of Customers

7